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ADMINISTRATIVE PROBLEMS OF NEW AND RAPIDLY GROWING TOWNS

Inaugural Address
by
*Prime Minister **

I FEEL somewhat embarrassed often, not always, sometimes, when I am asked to inaugurate conferences, seminars, etc., regardless of my particular fitness for that subject. For this purpose of inauguration I am treated, or maybe, I do not know, as other Prime Ministers are treated, like a maid of all works! Possibly, and there may be some justification for it, that this might attract more attention of the public to the subject. It is really partly for that reason that I gladly or hesitatingly agreed : because the subject that you are discussing here is obviously important and I should like public attention to be drawn to it. I cannot say anything very pertinent or anything new in regard to it before a company of people who have given their mind and thought to these subjects, discussed them, and presumably know much more about them than I do. So that you will forgive me if what I say to you is just some odd thoughts that come into my mind, because I speak without that ordered knowledge that should come of a subject to a person who has studied it properly.

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But whether we study this subject or not, it is always before us. We cannot escape it. We live in towns, in changing towns and cities, with new problems confronting us all the time. There is, of course, the basic problem, I should say, the problem of slums or quarters of the city which are like slums and which grow into slums.

I have been talking about it in brave terms for the last many

*Delivered at the U.N.-Unesco Regional Seminar on "Public Administration Problems of New and Rapidly Growing Towns in Southern Asia" held at the premises of the Institute in New Delhi from December 14 to 21, 1960.

years and even suggested burning them, destroying them utterly, and then trying to do the best you can, but not leave them there. But that is all brave talk and I confess to you, with a great deal of sorrow, that I have come up against all kinds of inhibitions, limitations, restrictions, whether it is in law or whether it is in certain vested interests, till I begin to feel quite frustrated, not wholly so, because I do think that ultimately we could deal with this problem; but it is certainly a frustrating experience to see a blot in a city, a horror, and not being able to do anything about it. I still think, and I venture to say so with hesitation, that perhaps the speediest way is to destroy the thing. Then people will be forced to think what to do and not to come to terms with it. We are always coming to terms, doing something small, anything; and then increase them. It is not a thing which is there and you remove it. It grows. It is a malicious tumour in a city. It really is, and the most unfortunate part of it is that these things go on growing. Here in Delhi, if we deal with one part of the city, another part goes into slumdom.

You are dealing with public administration and I do not know whether slums come into your purview or not. But I suppose they do and so I am talking about them. But I do know that a test of the city—there are many tests—but the primary test of the cities should be: Are there any slums there? Then, you can look at the big buildings and the fine buildings and the parks and all that after first having come to know what the poorest quarters of the city are like. That is again a measuring rod: not the rich quarters and the fine avenues and the big governmental and private offices and the like. Well, I do not know, but I have a vague idea, I remember vaguely about a high-powered authority in England, who had been appointed to deal with the problems of slums in London many years ago. And after some years, he resigned. He said: "Vested interests are against me. I can do nothing." Although he was a high-powered authority, just he could not do much. Something was done no doubt. But there are so many interests I am told involved in real property, this and that, that it is not easy to get moving, and sometimes with a great effort, when some city improvement organisation functions and cleans up an area of the slum dwellers, then one of the resultants is the area is cleaned but the people who lived there are also cleaned up and they do not know where to go to. What I mean is that they are not normally provided for in that area because that area becomes a higher class area, where you expect higher income groups to live. Those poor people have been pushed out. They have no place there. You tell them to go some 10 miles out and therefore you want better rent and better incomes out of that area.

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I suppose, whatever you may do, whatever plans you may have about administration or city planning, etc., and these are very important subjects, one must know exactly what one is aiming at. One aims at a city beautiful, at a city useful, doing its job efficiently, at a city good for the children, and so on and so forth. Nowadays, you have a city divided up into self-sufficient sectors—school, education, marketing, health, etc., and each sector looked after. That is all right.

Now, I suppose, the more you follow the city development the more you find that the development of the city is the progressive socialization of the city. Call it what you like—communalization, socialization : It is. In older times almost everything in the city was private. Roads were private. Bridges were private. Everything was private. Gradually, these things, these public utilities come under public ownership. They are socialized, and I think it is a measure of the growth of the city and the progress of the city or town, how far its utilities have been socialized. And there are so many of them—your parks, your light and your cleaning, your schools. I do not know how many things. You can go on. All these are in an enlightened community under social ownership and not of private ownership. Whether you are a capitalistic country or any other country, it is admitted that some things have to be socialized. I have no doubt that ultimately many more things will be socialized.

If that is so then one must, in planning in administration, keep that in view. That is the thing aimed at. You need not upset everything suddenly. But you must have a clear aim in view, just as in making a Master Plan of a city, a Master Plan of something you will achieve in 10 years time and more. You go towards it slowly. So also you should go slowly towards this increasing socialization of the city, of the various activities affecting a city. A municipal corporation is a body exercising the social control of many of these activities of the city—activities and other things connected with its working. If that is kept in view, then many of the day-to-day problems would lessen.

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In Delhi, we suddenly find that the growth of the city, the rapid growth, the untended growth, has led to wild speculation in land values and some people who are cleverer in the art of making money than others, make vast sums of money at the cost of the public. And then you find a little later that the city is expanding : then you have to develop; you may have to acquire that land at a high price and all that from the taxpayer. It is far better to look ahead and prevent such a development so that the city can progress without this heavy burden of expenditure falling on it. That is to say, the ideal aimed

at is not only the city beautiful, not only the city which satisfies most of the needs of the citizens, from the child upwards, but a city which is progressively more socially owned.

Very long ago, I read a book, which you might be familiar with—Henry George's "Progress & Poverty". It was a fascinating book. I must have read it about 30 to 40 years ago. I have not seen it since then. It just comes back to my mind. It is a fascinating book and I do not attempt to say that I agree with all his theory about taxation and everything. But he laid great stress, you will remember, on the taxation of land values, which I thought, and still think is essentially a good thing. Land values come from various activities of the community. Land values go up and whatever the cause, normally it is the individual who gets the profits from them and not the community. It is not right. The community should profit by them : the individual also. I will not deprive him of the profit. But a part of the profit should go—a good part—to the community and I think taxation of land values is an exceedingly healthy tax, preventing all this speculation and mopping up whatever benefit comes—a railway train coming from some place : you make a good road : you put up lights and make a drainage system and all that : you increase the value of land and the community's money is spent but it does not get anything out of it. That is not fair.

These are really not problems of public administration that I am talking about but some odd ideas in my head in regard to towns and cities. But, after all, the kind of public administration that you may have is presumably meant to have ideas and to put them into operation.

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That is why I have mentioned these matters. Here in India, we are going through a process of fairly rapid change : rapid change in towns, cities and even in villages; rapid change, even more so in people's mind, and that is the biggest thing of all. It does not show itself so suddenly but it comes on and on like the vast tide coming in slowly but ultimately covering the whole ground. That is taking place and leads to a variety of problems that are cropping up. They crop up in a concentrated way in a city, a town or a factory area, but they are cropping up everywhere and they require fresh thinking all the time. Certainly we can profit by the example of other countries undoubtedly.

But there is a great danger of our—when I say our, I mean a country which is relatively under-developed, whose standards are much lower than the standards of prosperous countries—, there is

a great danger of our talking big and trying to copy highly prosperous countries, say the U.S.A. or the U.K. and trying to show off that we can be this too. I am frightened of that kind of mentality. I want our people to show off certainly, not in these showy things, but rather in the capacity of good work, excellent work, invention, discovery and all that. The background of India, and the background of India and other countries of South-East Asia is one of grim poverty and there is a certain vulgarity in showing off in a way in the cities when there is this grim poverty in all the villages. I do not want the cities to be turned into mud huts on the level of our villages. Of course not. But there is a balance to be found between them and not this tendency to show off. I like a city beautiful and solid buildings. They have to last. That has to be done. But always one has to remember the background and that real progress will come when that basic background changes, and living standards go up. Then we could afford to expand a little. It is a difficult thing. But sometimes one inclines one way and sometimes another way. There are pulls for all of us. We find an equilibrium from time to time, which may change as conditions grow. A capital city may require a little more looking after.

Anyhow, I have ventured to put some odd ideas which came to my mind before you, and now I leave you to your labours and wish you success.



1 *Peris murel*

THE EDUCATION AND ROLE OF THE SUPERIOR CIVIL SERVICE IN INDIA

Leo M. Snowiss

DURING the first decade of the nineteenth century, the commercial interests in England were wedded to the idea of cultural imperialism. Curiously, it was the evangelist Charles Grant who convinced them that a policy of complete assimilation to Western civilization would not only have the salutary effect of saving heathen Indian souls by introducing them to Biblical enlightenment. Such a policy would, quite incidentally, he affirmed, be of great benefit to British trade. True, as Macaulay later foresaw, a continent of Indians educated in Western ideas would eventually seek self-governing institutions. But the merchants persisted and demanded the extension of English culture to India, asserting that eventual political independence should be of no concern, since the diffusion of Western civilization in the sub-continent would create an affinity between Europe and Asia which would be manifested in a profitable commerce. The lasting effects of British imperialism would be expressed in a thriving commercial intercourse between the two countries.¹

It has only recently been appreciated that the enduring legacy of Imperial rule in India is more subtle and probably more important (from the Indian viewpoint) than that envisioned by the free traders. Notwithstanding the bitterness and antipathy generated during the long struggle for political independence, even ardent nationalist leaders have perceived that the administrative apparatus inherited from their former enemies should not be tampered with in a fit of xenophobic zeal. Modifications might be needed—for the functions and scope of state activity have been altered drastically since World War II—but many traditions established by Wellesley, Macaulay, Munro and others remain unchanged in principle.

In this paper, the education and training for the superior civil service positions in India will be examined. Particular emphasis is placed upon the relationship between the education prescribed and the functions assumed by these administrators.

II

Notwithstanding the increasing functions of revenue administration assumed by the East India Company after Clive had acquired

1. Cf. Eric Stokes, *The English Utilitarians and India* (Oxford, 1959), ch. 2.

the grant of *Diwani* for Bengal, Bihar, and Orissa in 1765, systematic recruitment and training of personnel was not seriously undertaken until Wellesley became Governor-General. Boys of fifteen or sixteen years were being sent from England, their only qualifications being a rudimentary knowledge of bookkeeping and accounting.² True, Mountstuart Elphinstone was obtained in this manner—and he rose to become Governor of Bombay; but a man of his calibre was an exceptional product of a system which was no longer adequate. And this the clever imperialist Wellesley recognized :

The duties of the European civil servants of the East India Company (he emphasized in his minute of 10 July, 1800) are become of greater importance and magnitude : the denomination of writer, factor, and merchant, by which the several classes of the civil service are still distinguished, are now utterly inapplicable to the nature and extent of the duties discharged... The Civil servants... can no longer be considered as agents of a commercial concern. They are, in fact, the ministers and officers of a powerful sovereign...³

Wellesley's minute concerning the College at Fort William merits further attention here, for in it he anticipated principles upon which the Service would operate under the Crown and which are still in evidence today. He continues, broadly describing the kind of education which was to obtain for the next century-and-a-half :

Their education should be founded in a general knowledge of those branches of literature and science which form the basis of the education of persons destined to similar occupations in Europe. To this foundation should be added an intimate acquaintance with the history, languages, customs and manners of the people of India, with the Mohammedan and Hindoo codes of law and religion, and with the political and commercial interests and relations of Great Britain in Asia.⁴

He realized that the Company had to assume the "sacred trust of governing an extensive and populous empire", and asserted that

it must be considered as a sacred trust... The stability of the empire... must be secured by the durable principle of internal order; by a true and temperate system of revenue; by the encouragement and protection of industry, agriculture, manufacture

2. A. K. Ghosal, *Civil Service in India Under the East India Company* (Calcutta, 1944), p. 27.

3. Marquess Wellesley, Minute no. 86, 10 July, 1800, as reproduced in S. J. Owen, ed., *A Selection From Wellesley's Despatches* (Oxford, 1877).

4. *Ibid.*

and commerce; by a careful and judicious management of every branch of financial resource...⁵

The British administration in India after Wellesley by no means went to great pains to ensure "the encouragement and protection of industry (or) manufacture," but the remainder of the dicta were to be the foundation—even the justification—for British rule.

The College at Fort William was opened in November, 1800, with a rigorous three-year curriculum,⁶ but this programme lasted only seven years. The Court of Directors had their own plans, and with the establishment in England of their school at Hertford Castle in 1806 (and moved to Haileybury in 1809), Wellesley's ambitious project was reduced to a language school—a poor one at that⁷—which Dalhousie benevolently abolished in 1854.

Like Fort William, Haileybury College was designed to furnish a uniform education for the Covenanted Service. The personnel in the superior posts of all the provinces would thus, as Wellesley had desired, be inculcated with the same spirit and outlook and presumably would be more amenable to a single central control as a consequence. Later, under the administration of the Crown, the single school was discontinued, but the higher servants continued to receive a uniform education, since most attended the same few schools in England and all were subject to the same probationary training. The Republic of India, however, has revived the Welleslian idea in the training school at Delhi (see below).

In 1806 the College faculty consisted of a Principal and six professors lecturing in Mathematics and Natural Philosophy; Classical and General Literature; History and Political Economy (T. R. Malthus); General Policy and Laws of England; Arabic, Persian and Hindustani Literature; and Hindu Literature and History of Asia.⁸ The curriculum was given in four terms lasting a total of two years. The recruits were, as before, still nominated by the Company Directors; they were still young, always under twenty; and quite naturally under a patronage system, they were still likely to be friends or relatives of the Directors. In accordance with a regulation of 1837, an entrance examination was required of all nominees, but it was evidently not very stringent and since anyone who did flunk

5. *Ibid.*

6. The syllabus is reproduced in full in Ghosal, *op. cit.*, pp. 250-251.

7. For an account of the sorry state to which the College quickly degenerated, cf. L.S.S. O'Malley, *The Indian Civil Service, 1601-1930* (London, 1931), pp. 232-235.

8. Ghosal, *op. cit.*, p. 299.

it could try again six months later, most eventually passed.⁹ Although opinion varies concerning the excellence of the education received at Haileybury, there is unanimous agreement on one very important point :¹⁰ the College imparted an *esprit de corps* and sense of solidarity in the Covenanted Civil Service—a tradition which was to remain an essential ingredient of the steel frame concept which made the Indian Civil Service of the Crown the buttress of British rule. And, although the personnel have ceased to be Englishmen, that same tradition continues to be a strengthening alloy in the administrative framework for India and Pakistan today.¹¹

III

Thomas Macaulay was hardly the diffident type who could keep an idea to himself. It was he who convinced Governor-General Bentinck to adopt officially the policy systematically extending higher English education to Indians, a triumph for the assimilationists.¹² And it was Macaulay who forcefully impressed upon Parliament the inherent value of ending the patronage system and instituting the open competitive examination for recruitment into the Indian Civil Service.¹³ He was a member of the Whig Ministry which took the first timid—and unsuccessful—step in that direction : the Charter Act of 1833 required that four nominations be made for every vacancy in the Covenanted Service and that a selective preliminary examination then be given to these Haileybury nominees. But the Court of Directors simply ignored this tepid temperance of their patronage and the whole plan eventually had to be shelved in favour of the general admissions examination described above.

Macaulay finally succeeded, however, and the Charter Act of 1853 (over the most vehement objections in the House of Lords) ended the practice of patronage—seventeen years before the open competitive examination was made obligatory for the Services in England. But the company Directors evidently were not especially impatient to be in the *avant garde* of any reform movement, especially one requiring such munificence of themselves. Two of the formal objections

9. Cf. *ibid.* and N.C. Roy, *The Civil Service in India* (Calcutta, 1958), pp. 56-60, for general discussions of Haileybury. The official age limits were varied : 1809 (15), 1833 (17-20) and from 1837-1857 (17-21)—cf. Sir Edward Blunt, *The I.C.S.* (London, 1938), p. 35. O'Malley, *op. cit.*, p. 239, contends that about one-fifth of those nominated were eventually eliminated in various post-entrance examinations, including a final examination. Failures usually received cadetships in the Company cavalry.

10. Blunt, *op. cit.*, pp. 35-36; Ghosal, *op. cit.*, p. 322; Roy, *op. cit.*, p. 60; O'Malley, *op. cit.*, p. 240.

11. On Pakistan, cf. Ralph Braibanti, "The Civil Service of Pakistan—A Theoretical Analysis," *South Atlantic Quarterly*, Vol. LVIII, No. 2.

12. Cf. Macaulay's minute on Indian education, 2 February, 1835.

13. Cf. Macaulay's speech to Commons, 10 July, 1833; 24 June, 1853.

which they urged to Parliament are still of interest today.¹⁴ Would they not lose control of personnel not directly responsible to them for appointment? And is not a written examination merely a test of "book knowledge" and therefore an unreliable and incomplete criterion? As to the former, the Directors were probably correct: experience under the dyarchic Constitution of 1919 (see below), when Indian Ministers had to work with administrators responsible to the Secretary of State, would seem to substantiate their fear. It is also of significance that under the present Constitution of the Republic, superior administrators in the States are recruited by the Union Government and are responsible to the President, not to their respective State Governments. This practice, which also obtains in Pakistan,¹⁵ is probably a great stabilizing factor in the maintenance of national unity. As to the latter objection, "book knowledge" is still a topic of debate among Indian students of administration, although the *viva voce*, instituted in 1917 and continued today for Indian Administrative Service candidates, should have gone a long way toward appeasing the detractors of the written examination.

But Macaulay would not entertain this objection, nor was he inclined to compromise. And since his views on recruitment into the Service predominated throughout most of the period of Imperial rule and still exercise considerable influence upon Indian thinking (positively and negatively), it is necessary that his basic idea on the subject be explored, viz., that it is greatness and maturity of mentality which must be found for the higher civil services and not just minds filled with facts on particular subjects. The open competitive examination as he conceived it was to make this differentiation:

It is said, I know, that examinations in Latin, in Greek, and in mathematics are no tests of what a man will prove to be in life. I am perfectly aware that they are not infallible tests, but that they are tests I confidently maintain. Look at every walk of life (he urged Commons in 1833), at this House, at the other House, at the Bar, at the Bench, at the Church, and see whether it be not true that those who attain high distinction in the world were generally men who were distinguished in their academic career... Whatever be the languages, whatever be the sciences, which it is in any age or country, the fashion to teach, the persons who become the greatest proficients in those languages and those sciences will generally be the flower of the youth...¹⁶

14. Parliamentary Papers, vol. 69 for 1853 (cited in Roy, *op. cit.*, p. 70).

15. Cf. Braibanti, *op. cit.*

16. Speech of 10 July, 1853 reproduced in G. M. Young, *Macaulay Prose and Poetry* (London, 1952).

I must say it seems to me (he repeated twenty years later) that there never was a fact better proved by an immense mass of evidence, by an experience almost unvaried, than this—that men who distinguish themselves in their youth above their contemporaries in academic competition, almost always keep to the end of their lives the start they have gained in the earlier part of their career.¹⁷

The examination should not test technical subjects, but should reflect upon the general educational background of the candidates. Naturally enough for the ethnocentric Macaulay, European arts, sciences and classics would predominate. And, although his Parliamentary Committee Report of 1854¹⁸ recommended age limits of eighteen to twenty-three, it was recognized that the standard of the examination would be such that admission at the minimum age would be exceptional and that generally a degree from Oxford or Cambridge would be needed.¹⁹

So, the need for a finishing school for boys no longer existed, and Haileybury was closed in 1857, two years after the first competitive examinations were given under the new system.

Detailed changes in the subjects offered and marks awarded between 1855 and 1947 will not be explored here.²⁰ It should be noted, however, that the proposal of the Islington Commission²¹ that a *viva* be included was adopted in 1917 and that the examination was made uniform with that taken for the British Civil Service. The compulsory part included an essay (100 marks), English (100), present-day knowledge (100), every day science (100), auxiliary language (100)—these last two were dropped in 1936—and the *viva* (300 marks). There was also an optional list of sixty subjects from which a student selected questions totalling 1000 marks (reduced to 700 in 1937). The examination continued to be given in London exclusively until 1922, when Indian demands of long standing were finally recognized and simultaneous examinations were henceforth given. Those given in India were not different from the above description except that “general knowledge” and “vernacular” were substituted for present-day knowledge and auxiliary language respectively, and that the total optional marks were to be 800, not 1000.²²

17. Hansard's *Parliamentary Debates*, vol. 128 for 1853, col. 751.

18. Cf. *Parliamentary Papers*, vol. 40 for 1855 (cited in Roy, *op. cit.*, pp. 72-73).

19. O'Malley, *op. cit.*, pp. 242-243.

20. Commentary on the examinations, cf. Roy, *op. cit.*, p. 103; Blunt, *op. cit.*, pp. 198-201; Great Britain, *Report of the Royal Commission on the Public Services in India* (cd. 8382), 1916, HMSO (The Islington Report), annexure X.

21. *Op. cit.*, Anx. X, par. 10, See also pp. 200-201 for an interesting draft proposal for the I.C.S. examination.

22. Blunt, *op. cit.*, p. 201.

Between 1855 and 1947 numerous changes in the age limits for the open examination were also made.²³ There were two basic arguments on the subject—their origins can be traced to Wellesley and Macaulay respectively. In his minute of 10 July, 1800, Wellesley argued that it was necessary for writers to arrive in India at a youthful age—so “that they may be tractable instruments in the hands of the government of the country . . . ; that they may be enabled to pass through the service before the vigour of life has ceased . . . ”²⁴ Macaulay argued to the contrary, it will be recalled, that maturity of mind ought to be sought in the candidates prior to their admission to the Service. This was essentially the argument of the Aitchison Commission (1888).²⁵ The problem was made all the more complex by the growing demands for the Indianization of the Service, for it was early discovered that the percentage of Indian candidates who could favourably compete in the London examinations varied directly with the raising or lowering of the age limitations. Thus, under the low limits (17-19) obtaining between 1878 and 1891, Indians secured only 2.5% of the vacancies, while between 1892 and 1912 with the limits raised (21-24) they secured 5.6%.²⁶ Notwithstanding the increasingly vocal Indian demands, the Report of the Islington Commission (1916) invoked the old Welleslian argument in support of low age limits (17-19 recommended).²⁷ The Report, the distinguishing feature of which appears to be a general political obtuseness (at least in retrospect), further reasoned that men arriving in India at the old age of 24 or 25 were too often burdened with wives; that for efficiency “an officer should attain a position of responsibility at a comparatively early age”—e.g., he should become a Collector by the age of thirty; that recruits did not reach top positions until they were past their prime; and that the period of probation under the existing age limits (21-24) was too short (one year) and could be extended only if the recruitment age were lowered.²⁸ But with equally sweet reasonableness, the Indians disclaimed to know why the Royal Commissioners were so concerned about the marital status of the recruits; why the Commissioners were so absolutely certain that a couple of years really made so much of an imprint on a man’s mind; and why they desired a “raw and inexperienced youth” to attain to the great powers of a district officership—no

23. O'Malley, *op. cit.*, p. 242, makes the following summary of age limit changes : 1855 (18-23), 1860 (18-22), 1866 (17-21), 1879 (17-19), 1892 (21-23), 1906 (22-24), 1921 (21-24). The limits in India : 1922 (21-23) In 1936 a uniform limit was set at 22-24 for both.

24. Wellesley, *op. cit.*

25. Cited in Roy, *op. cit.*, p. 86.

26. O'Malley, *op. cit.*, p. 249.

27. *Op. cit.*, Anx. X, par. 7.

28. *Ibid.*

collector should be under 35 years old.²⁹ Fortunately, the recommendations of the Commission were rejected by the Government, and the age issue became a dead letter with the Report of the Lee Commission (1924), which advised that the limits and period of probation ought to remain unaltered.³⁰

It is neither appropriate nor necessary to digress much further into the details of the history of the Indianization controversy, a subject which has been quite thoroughly explored in other works.³¹ Macaulay's was virtually a voice in the wilderness when he proclaimed to Parliament in 1853 that "in my opinion, we shall not secure or prolong our domain in India by attempting to exclude the Natives of that country from a share in its government..."³² Generally, the British were quite frank about their reason for excluding Indians from superior executive positions (judicial posts were less strategic): thus as early as 1869 the Secretary of State, the Duke of Argyll, reasoned that security demanded that Indians be admitted to only a few listed superior posts.³³ The Islington Report opined that in "the Indian Civil Service and the political department...the nature of British responsibility for the good governance of India requires the employment in the higher ranks of a prepondering proportion of British officers."³⁴ And Lloyd George, who must have overlooked reading the Montagu-Chelmsford Report (1918),³⁵ made his great contribution to the jargon of political science when he steadfastly proclaimed that "if you take the steel frame out the fabric will collapse...There is one institution we will not interfere with...will not cripple...and that is...the British Civil Service in India."³⁶

One can hardly read the Islington Report without some feeling of amusement for the futile attempts made by the Commissioners to justify a supreme effort to "keep the steel frame in the fabric" (to misquote L. George).³⁷ More realistically, the Lee Report (1924)

29. These dissenting views are expressed in the minute of M.B. Chaubal, an Indian member of the Commission, *ibid.*, pp. 231-234.

30. Great Britain, *Report of the Royal Commission on the Superior Civil Services in India* (cd. 2128), 1924, HMSO (The Lee Report), par. 104.

31. Cf. especially appropriate chapters in Roy, *op. cit.*; Vraj Mohan Sinha, *The Problem of Reorganization of the Superior Civil Services in India* (unpublished Ph. D. Thesis, Univ. of Sagar, 1957); and O'Malley, *op. cit.*

32. Hansard's, *op. cit.*, col. 759.

33. Roy, *op. cit.*, pp. 107-109.

34. *Op. cit.*, par. 32.

35. Great Britain, *Report on Indian Constitutional Reforms* (cd. 9109), 1918, HMSO (Montagu-Chelmsford Report). Here it was recommended that "33% of the superior posts be recruited for in India and that this percentage should be increased by 1½ per cent annually until the periodic commission is appointed which will re-examine the whole subject" (par. 317)

36. Roy, *op. cit.*, p. 149.

37. Islington, *op. cit.* See especially paragraphs 27, 41-44, and 55 of the Report and Annexure X, pars. 13-21.

recommended that the I.C.S. be 50% Indianized "without undue delay"—which they deemed to be fifteen years.³⁸ This in fact did not occur—in 1939 there were in the I.C.S. 759 Europeans and 540 Indians.³⁹

IV

After 1855 and until 1947, a probationary period in England ranging from one to three years (varying with the age limits) was required of all I.C.S. recruits, including those who (after 1922) passed examinations in India. The young men studied pertinent legislative acts and codes, Indian history, the vernacular of the province to which they were to be sent, riding, hygiene, a classical oriental language and either Hindu or Muslim law.⁴⁰ The Islington Report suggested a curriculum for the probationers which is of particular interest, for it reflects the extent to which the ideas of Macaulay and Wellesley had become curiously comingled—and this notwithstanding the fact that these men's ideas were often quite contradictory. The Commission wished to accommodate the education of the probationers to the functions of the I.C.S.⁴¹ Legal principles, it was observed, must be the basic field of study⁴² (recall Wellesley's emphasis upon a "pure, upright, and uniform administration of justice"—see above). But oriental languages and Indian history must also be thoroughly learned⁴³ (Wellesley again, although certainly not Macaulay). And finally it is noted that "the value of the study consists not so much in the conclusions as in the processes of reasoning and in the acquisition of... habit of mind"⁴⁴ (Macaulay's matured mind theory).

The real training of the probationers began upon their arrival in India. (Again, details will be eliminated from this discussion since these are presented often enough in other works.⁴⁵) The junior officer was to "learn by doing". He was usually assigned to a district officer (whose title varied in different Provinces—Collector, Magistrate, or District Magistrate—or simply the "D.O."), who would take him on tours of the district, see that he was introduced to village life and

38. *Op. cit.*, par. 35.

39. Philip Woodruff (Philip Mason), I, *The Men Who Ruled India*; II, *The Guardians* (London, 1954), p. 365.

40. Cf. O'Malley, *op. cit.*, p. 243; Roy, *op. cit.*, pp. 235-236; Blunt, *op. cit.*, p. 201.

41. *Op. cit.*, an. X, pars. 26-29. See also the draft College curriculum, pp. 201-203.

42. *Ibid.*, par. 27.

43. *Ibid.*, pars. 28-29.

44. *Ibid.*, par. 28. The statement was made in reference to the teaching of economics.

45. Cf. particularly Woodruff, *op. cit.*, pp. 75-98; Blunt, *op. cit.*, pp. 203-205; and A. D. Gorbala, *The Role of the Administrator : Past, Present and Future* (Poona, 1952), pp. 6-10, for the views of three ex-I.C.S. men.

records, have him watch proceedings in district courts, etc. After passing an examination at the end of six months, the junior officer would be given charge of a Taluk and begin to try cases pertaining to rent, revenue, and criminal laws. Upon passing a second examination six months later he would be placed in charge of a Sub-division. Eventually—perhaps six or eight years later—he would himself become a D.O. The tutorial position of the D.O. in this process cannot be too strongly emphasized. Yet the recruit had to learn responsibility too, and this he obtained in the Taluk and Sub-division. He had to know responsibility, for as a district officer he would (until 1919, see below) become a veritable dictator with both executive and magisterial powers—the words of Macaulay on this subject were no less appropriate in 1918 than they were when spoken to Parliament in 1853 :

... the truth is, that the collector of revenue in many parts of India is the sole consul of a great province, the district assigned to him being about the size of one of the four provinces of Ireland, of Leinster or of Munster, and the population therein probably about 1,000,000 of human beings. In all that district there is not a single village—there is not a single hut—in which the difference between a good and a bad collector may not make the difference between happiness and misery.⁴⁶

The officers of the I.C.S. constituted the superior service in India. Their numbers had increased from 846 in 1859 to 1299 in 1939.⁴⁷ They might be assigned to Secretariat positions in either the Indian Government or in a provincial Government, or to the Commissionership of a Division, or to a District Officership.

The backbone of British rule in India was the D.O., and this was true even as the functions of the provincial Secretariats began to increase with dyarchy (1919), devolution (1936), and world war. In 1842, there were only ten officers serving in the Secretariats (Bengal, Madras, and Bombay), whereas the total I.C.S. strength was then 776. In 1929 there were 176 officers in Secretariat posts (provincial and centre) out of a total of 1122. And in 1939 the figures were 218 and 1299 respectively.⁴⁸

The details of district administration may be found in several sources.⁴⁹ In brief, the D.O. was responsible for the maintenance

46. Hansard's, *op. cit.*, col. 746.

47. Woodruff, *op. cit.*, pp. 363, 365.

48. *Ibid.*, pp. 363-365.

49. The best accounts are found in the following : Great Britain, *Report of the Indian Statutory Commission*, Vol. I, *Survey* (cd. 3568), 1930, HMSO (The Simon Report), part iv, ch. 2, pp. 281-290. Great Britain, *Report of the Royal Commission Upon Decentralization in India* (cd. 4360), 1909, HMSO (The Hobhouse Report), chap. xiii. Blunt, *op. cit.*, pp. 110-120, 205-207, 232-234. Woodruff, *op. cit.*, pp. 75-98.

of law and order—that was his primary function. This was direct and personal government in the tradition developed by Munro, Malcolm, Elphinstone and Metcalfe, and was quite opposite to the Whiggism, attempted by Cornwallis in Bengal (1786-1793).⁵⁰ The system perfected by Munro in the Bombay Presidency fused the judicial and executive powers which Cornwallis had kept separated. A single man, the Collector, would be fully responsible for the administration of his district—there was no division of powers. Government would be authoritarian, but it would also be paternal.

The D.O. supervised all revenue collection, the district treasury, and all revenue appeals. As a magistrate, he tried few cases in the first instance, but heard appeals and generally supervised the magistracy of the district. He also supervised land assessment, crop forecasts, the compilation of price reports, etc. The Report of the Simon Commission puts it all rather succinctly :

The services grew up under a regime which permitted and even fostered, initiative and resource to an extent unknown, and indeed impossible, in the civil service of a concentrated democracy like our own. The isolation of the individual official—the sudden call for personal decision—the special knowledge of local conditions possessed by the officer on the spot...have made civil administration in India depend on the man, rather than on the machine...⁵¹

The Secretariats⁵² were regularly staffed by “rotation”—a system which ensured a constant interchange between the districts and the provincial and central Governments. Evidently, most D.O.s did not look forward with much pleasure to their sojourns to the Secretariats. Sir Edward Blunt, who was himself an I.C.S. officer, asserts that it was district work which they regarded to be of primary importance—“the local officer regards the secretariat as an interfering set of busy-bodies.”⁵³ But rotation was nevertheless deemed necessary for the efficiency of the Secretariats, since fresh, intimate knowledge of the districts was essential.⁵⁴

The Executive Council of the Government of India consisted of officials, including the Viceroy, and usually met weekly, constituting itself as a Cabinet. Two features distinguished Cabinet procedure in India before dyarchy from that which obtains in Britain.⁵⁵ The

50. Stokes, *op. cit.*, chap. 1.

51. Simon Report, *op. cit.*, par. 307.

52. The best account of Secretariat work (centre and provincial) is to be found in the Hobhouse Report, *op. cit.*, pars. 18-21 and 29. See also Blunt, *op. cit.*, chap. 9.

53. Blunt, *op. cit.*, p. 157.

54. Simon Report, *op. cit.*, par. 315.

55. Hobhouse Report, *op. cit.*, pars. 19-20.

Secretary of each Department was usually present at Cabinet meetings to supply information needed by his Minister. Furthermore, the Secretaries had regular weekly meetings with the Viceroy and could bring any matter directly to his attention. Procedure in the Governor's Executive Councils was similar. The number of Departments varied, but averaged around six for the centre and most provinces. Each Department had administrative class personnel filling the positions of Secretary, Deputy Secretary, Under Secretary, and Assistant Secretary—all were drawn from the I.C.S. for the centre, but practice in the provinces varied, with the top two positions usually being the only ones filled by the I.C.S. officers.⁵⁶

The Divisional Commissionerships were first established in Bengal (1829) and eventually appeared in every province except Madras. They occupied an intermediary position between the Governors and their D.O.s. However, the revenue powers with which they were originally invested rapidly faded away in most provinces (except Bombay) and their position was soon rendered largely advisory.⁵⁷

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The British Civil Service in India was, then, from top to bottom an authoritarian structure—benevolent in intention, but authoritarian nevertheless. Unlike the Service in Britain, it was characterized by open, direct, personal rule—anonymity was out of the question—and this was no less true in the Secretariats, where most Ministers were themselves officials and where (as we have seen) the chief Secretaries took an open part in policy formation, than it was in the districts, where it was most obvious. Indeed, it was the district which was the centre of rule and the district officer was the kingpin in the structure—he was responsible for the good training of the young recruits and for the good administration of the country.

V

It is not surprising that the advent of responsible democratic government has been accompanied by changes in the administrative structure. Yet, it would be a mistake to assume that these changes are or will have to be as drastic as some Indian students of administration appear to think. Obviously, the authoritarian characteristics of the system are antithetical to democracy—but this does not imply that the two are mutually incompatible. For good democratic government requires an efficient administrative machine and this the Indian

56. *Ibid.*, par. 29.

57. Cf. Hobhouse Report, *op. cit.*, chap. ix and Blunt, *op. cit.*, pp. 120-121.

Republic has inherited from British rule. The objective should be to control that machine, not to shatter it. The transition from authoritarianism to democracy in India thus involves the subordination of administrative institutions to responsible democratic institutions.

That process really began under the Constitution of 1919, which transferred certain subjects to the control of Indian ministers chosen from and responsible to largely (70%) elective provincial assemblies. Among the transferred subjects were included local self-government (control of municipal corporations, district boards, etc.); medical administration; public health and sanitation; public works (roads, bridges, railroads, etc. excluded); agriculture, etc. Departments of justice, famine relief, police, etc. remained "reserved".⁵⁸

The immediate effect of the reform was friction between the provincial Governments and the administration. Attitudes of I.C.S. officers to the great change in their position became crucial. Philip Woodruff claims that most accepted the reforms as inevitable and even desirable, a step in the evolution of responsible government.⁵⁹ But their feelings were obviously not unmixed, and L.S.S. O'Malley reflected that there was "a feeling that good administration was being sacrificed to political expediency, that the old standards were falling, and that the welfare of the masses, which they regarded as a common trust was subordinated to the claims of politicians..."⁶⁰ But the words of a third District Officer, Sir Edward Blunt, probably best reflect the ambivalent attitude which most administrators must have experienced :

He (the D.O.) has had to watch amateur administrators gradually pulling down the structure of local self-government which he and his predecessors, ever since Lord Ripon's time, had so carefully erected : and he has had to prevent, as well as he could with diminished authority, the breakdown of a constitution which, as he saw it, sacrificed everything, including the welfare of the people for which he was still responsible, to political expediency. It is not strange that many lost heart, and some lost all hope, and retired permanently. And yet, it was the "highly efficient administrative machine" of which the district officers form so important a part, that saved the constitution from being a failure...⁶¹

58. A complete listing of reserved and transferred fields may be found in the Simon Report, *op. cit.*, pp. 127-131.

59. Woodruff, *op. cit.*, pp. 212-225.

60. O'Malley, *op. cit.*, pp. 148-149.

61. Blunt, *op. cit.*, pp. 119-120.

The whole atmosphere of co-operation so necessary for the good functioning of the reforms was vitiated by the ill-will attendant upon the decree of the Rowlett Acts and the Amritsar massacre (1919) and by the deliberate policy of Gandhi's *swarajists* to sabotage the dyarchic Constitution.⁶²

An immediate controversy arose over the control of the administration. The Lee Commission Report recognized the anomaly of continuing the use in the transferred departments of All-India Service personnel responsible to the Secretary of State.⁶³ After 1924, personnel in the transferred fields were to be recruited locally into the Provincial Services and not from the All-India Services—excepting the “security forces”, *i.e.*, the Indian Civil and Police Services. The steel frame would remain. Thus the district officer and Secretaries continued to be drawn from the I.C.S., remained responsible to the Secretary of State, but had to work with some Ministers responsible to elective assemblies. And after the constitutional reforms of 1935, the Ministries were entirely responsible to fully elective legislatures—dyarchic distinctions were swept away and the elective principle extended to thirty million in the provinces.

After dyarchy, the officials in the districts and the Secretariats were obliged to spend more time than ever before supplying information to the Ministers—the quantity of legislation had risen sharply (popular assemblies obviously intended to use their newly acquired powers) and questions were being asked of the Ministers.⁶⁴ These questions (and the answers) were not always put with the greatest discretion : criticisms of individual I.C.S. officers were often heard in the Assemblies⁶⁵—Ministers were evidently not prepared to assume responsibility for the actions of staff controlled by the Secretary of State. At any rate, the merits of anonymity were not quickly realized and the old habit of opposing the administration—which had, after all, been the government for nearly 175 years—was not quickly broken. But the Secretaries were not much more adept at breaking old habits, for when they disagreed with a Minister, they often went right over his head to the Governor.⁶⁶ Furthermore, the practice of “rotating” senior officers between district and Secretariat duties came under criticism.⁶⁷ Rotation, it was correctly argued, had become anachronistic : it might have been appropriate when district administration

62. Cf. Woodruff, *op. cit.*, pp. 244-266, and O'Malley, *op. cit.*, pp. 140-145.

63. Lee Report, *op. cit.*, pars. 10-15.

64. Simon Report, *op. cit.*, par. 318.

65. *Ibid.*, par. 292. Also O'Malley, *op. cit.*, p. 168.

66. Roy, *op. cit.*, p. 301. This is an Indian's view and may be exaggerated, but Roy generally maintains a scholarly dignity.

67. *Ibid.*, pp. 311-313.

was of key importance. But since dyarchy, and certainly after the reforms of 1935, the vast authority of the D.O.s had been swept aside—even though they remained responsible to the Secretary of State—and the locus of power had been shifted to the Provincial Governments. The Ministers, it was argued, needed permanent Secretaries.⁶⁸

World War II brought a change not anticipated by the Constitution of 1935, which had prescribed considerable devolution to the Provinces. An unexpected burden was shifted to the central Government, the Secretariat of which nearly doubled—from 134 in 1939 to 240 senior officers by the end of the war.⁶⁹ And with war-time recruitment sorely curtailed, district staffs were depleted, rotation retarded, and the whole system of administration was greatly strained.

VI

N. C. Roy has claimed that “we cannot say that it (the I.A.S., successor to the I.C.S.) has built up any tradition worth the name.”⁷⁰ In a sense this is true. [For, as a result of the exodus of European and Muslim officers (1947-1948) and the multiplication of new Departments with the tremendous expansion of governmental functions in the states and the centre, special accelerated recruitment into the superior service has been necessary.] In 1947 a Special Recruitment Board was temporarily established and empowered to fill vacancies as it saw fit : the [written examination was suspended] and 82 new recruits were brought into the I.A.S. In addition, 85 were promoted from the Provincial Services.⁷¹ [Again in 1956 special appointments (100) had to be made] although the examination was retained (however, only in English essay, general knowledge and the viva).⁷²

[But principles of recruitment and training have not been greatly altered since Independence and it is far from certain that two ephemeral deviations from accepted procedures have really had a great effect upon the superior service.] A more serious problem for contemplation is the possible effect upon the I.A.S. of recruitment of graduates from a great many universities situated in different cultural-linguistic regions of the country. There is no longer an inner corps of Oxford-Cambridge graduates. Yet it is by no means certain that homogeneity of outlook would be assured by a similar corps of graduates

68. *Ibid.*

69. Woodruff, *op. cit.*, p. 365.

70. Roy, *op. cit.*, p. 242.

71. Sinha, *op. cit.*, p. 42.

72. *Ibid.*, p. 44.

from two or three Indian universities. Nor should homogeneity be considered an absolute virtue.

The Union Public Service Commission (U.P.S.C.), except in the two instances already referred to, has been responsible for recruitment to the All-India Services (which now include only the Police and Administrative Services) and the Central Secretariat Service (a new one which is subordinate to the I.A.S. and which staffs only Union posts). The U.P.S.C. is an independent agency appointed by and responsible to the President.

A competitive examination is open to all university graduates between the ages of 21 and 24. Unlike the practice in England, recruitment into the various services and classes is not geared into the diverse educational structure of the country, and a university degree is a requirement for admission not only to the I.A.S. and executive posts, but also many subordinate staffs, even some clerical services.⁷³ Some analysts contend that this leads to an overcrowding of Indian universities and consequently contributes to that deterioration of educational standards which is frequently acknowledged.⁷⁴ But those who urge the discontinuation of the degree requirement in the hope of unburdening university enrolments mistake effect for cause. India has suffered severe and chronic "educated unemployment" since long before Independence and the recent great expansion of government activity. The pursuit of a university degree was a popular pastime even when the opportunities for "educated employment" were known to be meagre. A civil service degree requirement is thus more of a reflection of the pre-existing popularity of a university education than a cause of it.

An honours degree is not required of I.A.S. candidates, but not all university degrees are acceptable—especially those in some branches of engineering and technology (e.g., chemical engineering);⁷⁵ a general cultural outlook is still deemed to be necessary for the superior service. That there is no lack of interest in obtaining I.A.S. posts is clearly indicated in the following statistics:⁷⁶

Year	Examinees	Vacancies Filled
1952	3341	232
1953	3582	189
1954	4471	186

The I.A.S. written examination consists of three parts:⁷⁷

73. Indian Institute of Public Administration, "Recruitment and Training for Public Services", *Indian Journal of Public Administration*, Vol. III, No. 2 (April-June, 1957).

74. Cf. *ibid.* Roy, *op. cit.*, pp. 226-228. Sinha, *op. cit.*, pp. 87-88.

75. Institute, *op. cit.*, p. 155.

76. Sinha, *op. cit.*, p. 47.

77. Cf. Roy, *op. cit.*, p. 225; or Sinha, *op. cit.*, pp. 78-81.

- (1) Compulsory subjects : English essay, general knowledge, and general English.
- (2) Optional subjects : of which three of 23 are chosen.
- (3) Additional subjects : of which two of 15 are chosen.

The examination is deliberately designed to test general knowledge and the subjects given have no immediate relevance to the work of the I.A.S.⁷⁸ Hindi and regional languages are not included, but are required of probationers before they begin their service.

U.P.S.C. has taken elaborate precautions to ensure standard grading of the examinations. The examiners who formulate the questions send instructions and model answers to the markers, each of whom in turn sends his first 25 graded papers to the Head Examiner for commentary. The markers also compare grades.⁷⁹

The *viva* has come under so much criticism⁸⁰ in recent years that the dominating position it once held as a qualifying requirement for the candidates has been dropped. Viva marks are now simply tabulated along with the written marks and constitute about 25% of the total grade. The interview is conducted informally by a Board presided over by the Chairman of the U.P.S.C., one or two other U.P.S.C. members and eight or nine other men chosen by the Chairman.⁸¹ A.A.A. Fyzee, U.P.S.C. member, who has frequently sat on the Personality Test Board, claims that most interviews last between twenty and thirty minutes. He goes on to indicate qualities the Board seeks in the candidates :

Can he think for himself?...get quickly to the heart of the matter and see principles involved?...generalize correctly?... Can he think out general lines on which a practical task should be organized?...Has he shown himself constructive and imaginative or does he merely reproduce? Is he mentally honest?...a man of complete integrity?... Do people like him...? Is he mentally adaptable and flexible?⁸²

The prospects of an equivalent of the Method II procedure being tried in India seem remote. A land of diversity, it is argued, in which religious, linguistic, and caste controversies are so pronounced cannot risk putting too much emphasis upon an interview method, since

78. Institute, *op. cit.*, p. 158.

79. N. S. Mani, "Public Service Examinations—A Peep Behind the Scenes", *Indian Journal of Public Administration*, Vol. I No. 4, (October-December, 1955).

80. Cf. especially Sinha, *op. cit.*, pp. 83-85.

81. Roy, *op. cit.*, pp. 289-290 and foreword (by N. K. Sidhanta), xi-xii.

82. A. A. A. Fyzee, "On Interviews", *Indian Journal of Public Administration*, Vol. II, No. 3 (July-September, 1956), p.206.

unsuccessful candidates would charge that Commissioners were prejudiced.⁸³ But another argument is also advanced, and this one will be seen to be by no means peculiar to the Indian situation :

Those who have done well at school and in university and held their own in the competitive written examination would generally be the men who would do well in whatever positions they may be placed and whatever work is assigned to them later.⁸⁴

Obviously, Macaulay has not been forgotten in India.

(Twenty-five per cent of all I.A.S. vacancies are to be filled by promotion from the State and Central Services. The details of that procedure may be found elsewhere.⁸⁵)

[The Indian Government has resurrected the Wellesian idea of a single training school for the probationers.] They are sent to the school, which has been located in Delhi until recently,⁸⁶ for one year. Here they learn Indian criminal law and procedure; general and district administration; the administrative history of India; general principles of economics and the five year plans; regional languages and Hindi; auto mechanics; and horse riding (an old I.C.S. tradition).⁸⁷ The quality of the education obtained at the school has been seriously questioned.⁸⁸ But irrespective of this, the real training of the I.A.S. junior officers begins in "doing".

The procedure is exactly as it was under British rule.⁸⁹ Still, the role of the district officer is crucial in this process. Still, the probationer is given early responsibility as a sub-divisional officer in the State where he is to be posted. He must pass a series of examinations, now given by the U.P.S.C. And, as before, it is likely that he will be rotated to a Secretariat for a while. He will be expected to take charge of a district by his sixth year in the Service.

[But this process of "learning by doing" under the supervision of an experienced district officer broke down during the War as the Secretariats' functions expanded and the number of capable senior officers left in the districts diminished. The situation has not been

83. Roy, *op. cit.*, pp. 233-234.

84. *Ibid.*, p. 234.

85. Cf. R. C. Dutt, "Principles of Selection in Public Services", *Indian Journal of Public Administration*, Vol. I, No. 3 (July-Sept., 1955). Sinha, *op. cit.*, pp. 59-61, 201-203, 211-212. Roy, *op. cit.*, pp. 241-242.

86. The I.A.S. Training School, Delhi, and the I.A.S. Staff College, Simla, were merged on Sept. 1, 1959, into a National Academy of Administration, Mussoorie. Cf. *Indian Journal of Public Administration*, Vol. V, No. 4. (October-December, 1959), p. 447.

87. Details, cf. Roy, *op. cit.*, pp. 236-238, and S.B. Bapat, "The Training of the Indian Administrative Service", *Indian Journal of Public Administration*, Vol. I, No. 2 (April-June, 1955), pp. 127-129 for a complete syllabus.

88. By a man who ought to know, Gorwala, *op. cit.*, pp. 30-31.

89. Cf. Institute, *op. cit.*, pp. 158-159; Roy, *op. cit.*, pp. xiv-xv; Sinha, *op. cit.*, pp. 230-31.

corrected yet,⁹⁰ nor has the training procedure been altered to suit the new conditions.) (Since it is likely that the Secretariats will continue to grow at the expense of district staffs,) a re-examination of the entire district training programme is in order.

Since 1957 senior officers have received further administrative training in three-month courses at the Administrative Staff College, Hyderabad. It is patterned essentially after Henley-on-Thames and the "syndicate" technique of instruction is used.⁹¹

The comment of N.C. Roy that the I.A.S. has failed to build any tradition of its own (see above), may now be re-examined. Far from having no tradition, the I.A.S. has a rich and outstanding one, but it is that of the I.C.S. The principles of recruitment and training have not been substantially altered. Nor has the practice of using the superior service as a "steel frame" binding the Centre with the States and Districts been eliminated. The question is not whether the I.A.S. has a tradition; it is rather whether the tradition it has is appropriate for contemporary India.]

Some changes have manifestly been in order. This is especially true of the practice of "rotating" senior officers in and out of Secretariat positions. [As the functions of the Union and State Governments continue to grow, the political Ministers will come to rely increasingly upon the knowledge of their I.A.S. staffs, which must become thoroughly familiarized with the intricately detailed workings of their departments. This change has already occurred, and senior officials occupying Secretariat positions of responsibility are rarely "rotated" now.⁹² Thus the tradition of the superiority of district duty is *ipso facto* eliminated.]

Other criticisms of the I.A.S. seem less valid : It is frequently alleged that an authoritarian attitude still pervades the Service—that it stands aloof from the people.⁹³ But this charge has not been substantiated. Nor should it be forgotten that, excepting charismatic personalities, the intelligentsia always stand apart from the mass of men in their tastes and interests—and these differences are often mistaken for "aloofness". It is further suggested that since India is to be a "social service state", more extensive education in the social sciences should be required of all recruits to the I.A.S.⁹⁴ It has even been

90. Sinha, *op. cit.*, pp. 245-246. Institute, *op. cit.* p. 120; Gorwala, *op. cit.*, p. 31.

91. J.W.L. Adams, "Henley and Hyderabad", *Indian Journal of Public Administration*, Vol. IV, No. 1 (January-March, 1958). The author has been on the staffs of both schools.

92. Roy, *op. cit.*, pp. 309, 310, 315.

93. Sinha, *op. cit.*, pp. 432-436.

94. *Ibid.*, pp. 231-232; W. R. Natu, *Public Administration and Economic Development* (Poona, 1954), p. 20; A. R. Tyagi, "Role of Civil Service in India", *Indian Journal of Political Science*, Vol. XIX, No. 4 (October-December, 1958).

suggested that the competitive examination be open only to graduates in social sciences.⁹⁵ But it would seem that these subjects could be learned during probationary training (which is now the case) and in supplemental on-the-job education.

And finally, the whole concept of the general-purpose administrator has been condemned. After all, it is argued, if the Ministers are amateurs, should not their chief advisers be specialists?⁹⁶ But this misses the point: the top Secretaries can remain "generalists" and still know the operations of their departments thoroughly. And since senior officers are no longer rotated, this requirement should be fulfilled.

A more serious variation of this charge has been suggested by Ralph Braibanti:

Domination of the bureaucracy by the predisposition of the classical-generalist is likely to be detrimental to the attainment of administrative efficiency and integrity and to the aim of accelerating economic growth. It can be assumed that a bureaucracy so dominated will be suspicious of rational planning and forecasting and inclined to minimize the utility of an empirical methodology.⁹⁷

But Braibanti then goes on to make a statement which seems particularly applicable to the Indian situation:

The classical-generalist tradition in bureaucracy is valuable because it can best provide the intellectual apparatus for blending the demands of technical development with the non-economic aspects of civilization which have deepest meaning for man.⁹⁸

The role of the administrator has changed, and it is appropriate that the traditional emphasis upon direct, personal rule by district officer—the tradition which evolved from the time of Munro—has ceased. But the tradition of Macaulay continues, for it is still assumed that

men who distinguish themselves in their youth above their contemporaries in academic competition, almost always keep to the end of their lives the start they have gained...

95. Natu, *op. cit.*

96. *Ibid.*, pp. 18-19.

97. Braibanti, *op. cit.*, p. 288.

98. *Ibid.*, p. 290.

SOME ASPECTS OF THE INDIAN ADMINISTRATIVE SERVICE

T. C. A. Srinivasavaradan

(This article supplements, and on some basic issues challenges the conclusions reached in the preceding article by Mr. Snowiss.—Ed.)

THE authorised strength of the I.A.S. on 1st November 1960 is 2010: the number of officers in position is, however, only about 1830, leaving a gap of 180. The I.A.S. cadres have somehow never been in full strength. As a consequence of special recruitment undertaken between 1949-52, the gap in the strength of the Indian Administrative Service was brought down to a mere 46 in 1952.¹ But whereas the authorised strength in 1952 was only 1168, the cadre had expanded to 1542 in 1956 and the gap had increased to 343. During the subsequent years, the position was as follows :

Year	Authorised Strength	No. of officers in position	Gap
1st January, 1957	1672	1332	340
1st January, 1958	1676	1516	160
1st January, 1959	1785	1688	97
1st January, 1960	1862	1704	158

The cadre was near its full strength early in 1959, mainly as a consequence of the second special recruitment in the years 1956-58.

Of the 1830 officers in position in 1960, 216 were drawn from the old Indian Civil Service : 91 from the Defence Forces against vacancies reserved for War Service officers; 198 from the "open market" by two special recruitments in 1949-51 and in 1956-57; 598 by way of direct recruitment on the results of competitive examinations held from 1948 onwards until 1960; and 727 from State Services appointed either by selection or promotion.

Leaving aside the officers of the old Indian Civil Service, it would be seen that the number of officers appointed on the basis of the results of the competitive examinations including the probationers appointed in 1960 constitute less than 33% of the total number of

1. Ministry of Home Affairs, Government of India, *Annual Report*, 1951-52, pp. 2-3.

officers in position. The question whether the recruitment policy in respect of the Indian Administrative Service has been realistic and has taken into account all the implications of an expanding service is a matter that will require a separate study. It is, however, apparent that the present rate of recruitment at 5.42 per cent of the senior duty posts in the cadre has not succeeded in maintaining the service in its full strength, largely because it does not take into account the continuous expansion of the State cadres and even if the present rate of recruitment were to be considerably stepped up, it would take several years before direct recruits appointed on the results of the competitive examinations would constitute 75 per cent of the total number of posts in the cadre. Any impression that the Indian Administrative Service consists largely of those who have been selected on the results of competitive examinations is, it will be seen, not based on facts.

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It may also be relevant to examine whether amongst the direct recruits appointed on the results of competitive examinations, those who had studied classics and languages have had a larger representation in the Service. In a recent study published in the *Journal of the National Academy of Administration*,² an interesting analysis has been attempted of the educational background of the successful candidates appointed to the Service on the results of competitive examinations conducted by the U.P.S.C. As a supplement to the information contained in that study, a detailed classification of the subjects studied by the successful candidates in their Universities is given below :

<i>Subjects</i>	<i>No. of persons</i>	
Economics	154	
History	90	
Political Science	28	
Commerce	18	
Sociology	1	
Geography	5	296
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Mathematics	49	
Statistics	8	
Engineering	5	62
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2. See R. K. Trivedi and D.N. Rao, "Regular Recruits to the I.A.S.—A Study", *Journal of the National Academy of Administration*, Mussoorie, July 1960, Vol. V, No. 3, pp. 50-80.

Physics	47	
Chemistry	42	
Botany	5	
Zoology	5	
Geology	7	106
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English Literature	77	
Sanskrit Literature	2	
Philosophy	13	92
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Others		59
		<hr/>
		615 ³
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Of these, 348 had obtained I Class or I Division, 245 II Class or II Division and only 22 III Class or III Division at the Bachelor's or Master's degree examinations in different Universities. In addition to such degrees, 91 had research experience and 5 had post-graduate research degrees. 82 had also studied Law as a subject of post-graduate study. It will also be seen that about 25 per cent of the successful candidates had studied Economics as their main subject in their Universities and 296 in all had studied one or the other of the Social Sciences. 168 were students of Mathematics, natural Sciences, etc. and only 92 or about 15 per cent of the total were students of Classics or languages. It is evident that the competitive examinations have thrown up varied talents representing almost all the important disciplines in the academic world.

It has earlier been stated that about 727 out of a total number of 1830 officers in position on 1st January 1960 were those promoted or selected from the State Services. This fact would deserve serious notice in considering suggestions regarding the feasibility of an adoption of something like the Method II procedure for recruitment to the Administrative Class in the United Kingdom. It is no doubt true that a well thought-out variation of the Method II procedure would throw open opportunities for entering Indian Administrative Service not only to officers of the States' Civil Services but also others employed under the Central and State Governments. Even though there is a provision in the I.A.S. (Recruitment) Rules for appointment by selection of officers of State Services besides the States' Civil Services, there has not been any significant use of this enabling provision. The

3. In all 615 candidates were successful in competitive examinations from 1947 to 1959, though in 1960, there were in position only 598 officers who were appointed on the results of competitive examination.

Second Pay Commission under the chairmanship of Shri Jagannadha Das has also in its Report submitted in 1959 recommended a variant of the Method II procedure for recruitment not only to the Indian Administrative Service but also the other higher Services in the country. In this context, it may be relevant to mention that when applications were invited for emergency recruitment to the Indian Administrative Service in 1948-50, 16140 applicants responded : of these, 8553 were already Government servants and 1933 were employees of public or local bodies, making up about 65% of the total number of applicants. Even amongst 153 ultimately selected, 115 were those already employed under Government and 8 under public/local bodies, the two adding up to about 80 per cent of the total. Similar data are not available regarding the second special recruitment in 1956, but out of 102 who were selected for appointment to the Indian Administrative Service, 62 were already employed under Government and 3 in public/local bodies. In 1948-50, only 2005 applicants were employed in commercial firms or business houses, *i.e.*, about $12\frac{1}{2}$ per cent of the total number of applicants, and only 15 out of them were selected for appointment. In 1956, however, 50 persons employed in commercial firms and business houses were selected for appointment out of a total of 102. The legal profession in 1948-50 contributed 2072 applicants of whom 4 were selected for appointment. In 1956, out of the 102 selected for appointment, only 2 belonged to the legal profession.

These facts would indicate that amongst over-aged candidates, it is the Government servants as a class who find the Indian Administrative Service particularly attractive, and they also secure a relatively large number of the final appointments. The implications of this trend would, however, require a separate study.

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The logic of centralisation of authority which was perhaps the most distinguishing feature of the British Government in India strengthened the institution of the Office of the District Collector not merely to be an instrument for the exercise of such authority but also to bring about an administrative decentralisation in the exercise of such centralised authority. Critics and apologists of this institution have tended to emphasise either one or the other aspect of this dual role of the Office of the District Collector. At its best, the Office of the Collector provided an opportunity for initiative, responsibility and leadership in coordination : such an opportunity cannot be regarded as superfluous even in the present changed political context. Prior to the First World War, the Office of the Collector was indeed the mainstay of the Indian Civil Service : in July 1912, amongst the 410 superior

posts, excluding judicial posts, in the various Provinces (as they were then called), 308 or 75 per cent were posts of District Collectors. This predominance of Collectors in the Indian Civil Service continued even during the period between the two World Wars. In 1927, out of 409 superior posts in the different Provinces, 263 or 64 per cent were posts of Collectors : in 1934 also out of 391, 255 or 65 per cent were posts of Collectors. But during the period of the Second World War, the number of staff posts at the Secretariat or its Attached Offices (Heads of Departments) began to increase. When the I.A.S. cadre was reconstituted in 1950, out of a total of 501 superior posts, (now known as senior duty posts), in the different States, only 270, *i.e.*, 53.8 per cent, were District posts. In the decade between 1950 and 1960, notwithstanding the fact that the scope of the new Indian Administrative Service was extended to the newly constituted Part 'B' and Part 'C' States, the increase of staff posts continued unabated. In 1960, out of a total of 982 senior duty posts in the different States, only 405 or 41.2 per cent were posts of Collectors. Thus, numerically, the posts of Collectors have ceased to occupy the predominant position once held in the Service as a whole.

The reasons are not difficult to discern. When Islington Commission submitted its report in 1915, the total number of Districts in British India, excluding Burma, was 211. After partition and Independence, with the constitution of Part 'B' and Part 'C' States as a consequence of the integration of Princely States into independent India and the reorganisation of States, the number of Districts in India in 1957 stood at 307. The number of Districts, however, tends to remain static because redrawing of District boundaries on a large scale is not only costly but also beset with several administrative difficulties. The significance, however, of this trend towards increase of staff posts lies in the fact that the Indian Administrative Service is no longer primarily intended to man District posts. Several problems like the adequacy of training arrangements, the attractiveness of District posts, the recruitment policy, etc., would require to be re-examined in the light of the diminishing importance of the post of District officer for the Indian Administrative Service as a whole. It would also hence be somewhat unrealistic if the role of the new Indian Administrative Service were to be evaluated in terms of the performance of the Indian Civil Service which it has succeeded, because the overall scope of the two Services is not strictly comparable any longer.

The practice of rotating senior officers in and out of the Secretariat positions—known in official parlour as the tenure system—continues to be a matter of controversy. It is not, however, true that "senior officials occupying Secretariat positions of responsibilities are

rarely rotated now". It was recently stated in reply to a question in Parliament that on 1st December 1960, there were 333 officers serving at the Centre, from the Indian Administrative Service, including members of the Indian Civil Service, as against a Central deputation quota of 399 provided in the various State Careers of the Service. During the period since 1949, 245 officers went back to their respective States after the expiry of their tenure of deputation. According to information laid before Parliament earlier on 12th February 1959, there were only 26 officers on that date who had remained beyond their normal tenure of deputation at the Centre: of these 12 were of the rank of Secretary. In respect of Secretaries, it had long been a matter of dispute whether they should be subject to the strict rules of the tenure system. If the posts of Secretaries are excluded, there were in 1959 only 14 officers who had stayed beyond their tenure. These figures do not suggest that the practice of rotating officers had been given up. The official policy is still very much in favour of the tenure system.



POWER RELATIONSHIPS IN MODERN BUREAUCRACIES

Michel Crozier

BUREAUCRACY and bureaucratization have become fashionable catchwords among social scientists. But most writers have been interested only in characterizing the formal and theoretical aspects of bureaucracy; they describe the social roles a bureaucratic organization fosters, analyze the discrepancies between democratic ideals and conservative formalistic rules and tend to neglect the study of the internal functioning of bureaucratic organizations.

The following generalisations represent a rather different approach, assuming that power relationships are one of the key spots for observing human behaviour within large-scale organization and human relationship associated with the pejorative connotation "bureaucracy" (relationships between groups, authority patterns, participation and integration) and the extent to which bureaucratic systems can be explained as rational responses to specific aspects of the environment in which they operate.

The data on which these generalisations will rely, come from the successive study of two French public administrations whose staff was submitted to a series of observations in its daily activities, to a systematic programme of interviewing and to some feedback experiments. These administrations are not typical of the Public Service in general and even of the French Public Service in particular as much as they are rather marginal as regards their activities, one being a part of the Postal Service, the most industrial part of the traditional State Services, and the second being an industrial monopoly whose functions are very often the realm of private enterprise in other countries. They are nevertheless very well suited for our aims since, first, they can provide much more easily possibilities of comparison because of the relative similarity of their goals with those of private industrial concerns, and second, due to the fact of the very peculiar and even pathological difficulties they have to face, they make it possible to observe in a most acute form some of the ultimate consequences of a bureaucratic system of organization.

THE WEAKENING OF DIRECT AUTHORITIES AS A CHARACTERISTIC OF BUREAUCRATIC ORGANIZATION

The first characteristic pattern, that could be seen among the results of both organizations, was the relative unimportance of direct

hierarchical authority in the system. But this lack of direct authority did not mean there were no problems of dependence within and without the formal hierarchical line. On the contrary, there were a lot of tensions between hierarchical categories with direct consequences for the morale of the whole staff but these tensions always bypassed the face to face relationships.

Take the example of the first organization, a large-scale autonomous agency of the Postal Service. The morale of the staff (5000 employees, mostly women) was very poor and it was assumed by the higher management that there was great deal of resentment amongst employees against the first line supervisors because of the difficult working conditions and because of the poor handling of human relations by these supervisors. Contrary to these expectations the first line supervisors (in charge of 100 employees) appeared rather well-liked by their employees, but the five higher supervisors (in charge of 1000 employees each) were polarizing all hostility. Moreover, this pattern was duplicated one step higher where the first line supervisors had rather favourable attitudes toward their immediate bosses but presented very bitter comments against the general direction.

When analyzing this pattern with due regard to the concrete situation of each group, these attitudes appear quite rational in a system where :

- (1) Complete seniority and stringent working rules make it actually impossible for the immediate supervisors to interfere with the situation of anyone of his subordinates.
- (2) Power of decision for the areas remaining open to supervision has been pushed up one step above the immediate supervisor, so that the man who will take a decision will not be in direct relationship with the employees or supervisors whose situation he is going to affect.
- (3) There is no mechanism for informing the higher supervisors about the actual situation with which the immediate supervisors have to deal other than by means of their own (the immediate supervisors') reports. This information is necessarily biased and consequently the resulting decisions tend to be inadequate. This leads to poor morale and employee hostility not against the immediate supervisors who are not perceived as being responsible but against those higher up in the bureaucratic hierarchy.

Going one step further and examining why power of decision may be so located, it appears that employees, first-line supervisors and higher supervisors alike prefer the risk of inadequate decisions to the

risk of losing their group autonomy and their ensuing personal independence under a system of direct hierarchical power. As subordinates they fear petty tyranny and as supervisors employees' hostility and reprisals. In both cases routine and "bureaucratic" decisions finally seem to offer better solutions when face to face relationships become unbearable.

Such a line of interpretation suggests that new studies using the tools of social psychology and cultural anthropology could give very decisive cues for understanding the pressure for centralization in different countries and more generally the basic differences in administrative behaviour.

THE DEVELOPMENT OF PARALLEL POWER RELATIONSHIPS

The weakening of hierarchical authority does not mean for the members of a bureaucratic organization that they become free from any kind of personal dependence. New pressures for conformity and new "parallel power relationships" will develop. We have tried to analyze those unintended consequences of a bureaucratic system of organization in our second study bearing on three factories of a major industrial monopoly and they appear to be in those cases especially striking.

These plants have a very simple organizational chart: one Director and one Assistant Director on top, both graduates of the higher theoretical engineering school in France, the Director being in charge of the whole enterprise, the Assistant Director being responsible for production, one technical engineer graduate from a minor engineering school in charge of maintenance repairs and all auxiliary works, and one Administrator in charge of buying, accounting and personnel; then at the supervisory level, ten first-line and five second-line supervisors and at the workers' level fifty maintenance workers of a very high degree of qualification depending from the technical engineers and four hundred production workers, two-thirds of them being women.

Bureaucratic patterns are more developed than in our first study. Within each category (production workers, maintenance and even supervision) all jobs are allocated strictly along seniority lines which means that any new job or even the temporary vacancy of one job is filled according to the general rule, the senior willing employee or the most recent non-willing one. In counterpart, there is no possibility of promotion from one category to another. Recruitment is done from the outside through open competition. Inside the plant working rules cover every conceivable situation and there is almost no possibility of individual decision by an immediate supervisor. The

supervisor's and even the manager's role is more a judicial one than one of an industrial leader. What he has to worry about is what rule to apply and what is its real meaning—and his interpretation is checked and discussed and may be appealed. At the manager's level the development of general policies of the General Direction allows for little initiative. The intervention of very strong trade unions still further restrains their authority by making it probable that all decisions with a labour relations angle will be appealed to the General Direction.

As expected there was very little direct hierarchical power in such a system. No tension existed between supervisors and production workers and whatever problems arose bypassed the supervisor's level with the consequence of workers' hostility being focussed on the Director and Assistant Director.

Three important new features, however, could be observed :

(1) The pressure of the group on the individual seemed to be much greater than in comparable private organizations. Most significant in that respect was the pattern of answers to our questionnaire which showed for a great number of questions no variation from plant to plant and almost stereotyped reactions on matters important for the status of the groups. The influence of the environment for those matters was striking when one compares the newcomers with the workers having more than two years seniority. The former ones are two-thirds favourable to the development of mechanization, for example when the latter are almost unanimously opposed to it. Finally in a feedback experiment, we observed the inability of any individual to express an unorthodox point of view in front of other members of his group even when this point of view had been expressed by the majority of his colleagues who were present at the experiment right at that moment.

(2) In the areas where there seemed to be no pressure of the group, the individual reactions showed tremendous individual and plant differences, at any rate much greater variation than is usually expected in industrial organizations. These areas of freedom were the areas of personal and individualized relationships. There seemed to be a clear-cut opposition between a world of the rules and the adjustment to the rules where the individual is pressured into conformity and a private protected world where the individual can express his own feelings in the wildest way.

(3) Power relationships that have almost disappeared along the hierarchical line develop along informal lines creating new dependence situations and new sources of tensions.

This last point needs elaboration. When one studies the triangular relationship, production workers—maintenance workers—supervisors, one notices :

- (a) That production workers are moderately well adjusted to their situation, and under considerable group pressure; that supervisors are very much dissatisfied, have rather non-coherent reactions and seem best adjusted when they renounce group values; and that maintenance workers are passionately satisfied, proud of their workmanship, aggressive and seem best adjusted when critical of other groups.
- (b) That relationships between production workers and supervisors are cordial and conventional—while relationships between production and maintenance workers are overtly hostile with an acute feeling of dependence on the part of the production workers and a great uneasiness on the part of the maintenance people. (This hostility, furthermore, is an important factor for satisfactory adjustment for the production workers.) And finally, the relationship between maintenance workers and supervisors is one of overt tension with strong and complementary accusations from both sides, but with deeper feeling of inferiority on the part of the supervisors.

How such dependence relationships can develop? The observation of the respective behaviour of the different groups concerned suggests the following interpretation :

In a bureaucratic system of organization where formal rules cover most any kind of happening and where the behaviour of every individual employee has to follow strictly the approved patterns, events that can't be foreseen and for which no formalization of behaviour can be worked out take on a very disproportionate importance and the people who can control them are invested with a great deal of power over the rest of the employees. Maintenance workers are in such a position since the stoppage of the machines is the only event that can break routine patterns in the shop and since it is impossible for anyone but the maintenance workers to evaluate the time necessary for repair. In comparable plants in other countries with exactly the same technology, but a different type of organization, machine stoppages were not considered of such great importance. There, many other sources of uncertainty were competing with the machine maintenance one.

So one can formulate the hypothesis that *in a bureaucratic system where the tendency to eliminate all sources of uncertainty have been carried to the extreme, power goes to the individual or to the groups who are in control of the last source of uncertainty.*

One might wonder why it is possible that such a kind of relationship so contrary to the formal rules could last. Most generally the hypothesis we have formulated must be partially checked at least by the influence of formal hierarchy. But here, as we have seen, formal hierarchy is dwindling and furthermore management itself is going through the same fight over control that we saw at the shop level. The analysis of the engineers' interviews showed the same kind of tension between Polytechnics' graduates and technical engineers as between maintenance workers and supervisors. The technical engineers are well adjusted and aggressive and tend to become all the more satisfied as they become more aggressive. Their superiors, on the contrary, are much less satisfied and seem to be best adjusted when renouncing at least part of the values of their group. The technical engineers who have no possibility of promotion whatsoever are consistently hostile (to the point of violent hatred) to their superiors and they have the possibility of blocking their power by controlling all the sources of uncertainty within the plant since the repair and maintenance workers are under their control. One could not expect them to renounce this possibility of revenge. They most consistently cover up for their subordinates, the maintenance people, and so make it possible for the system to last.

Finally one could formulate a complementary hypothesis : *The separation between strata, another characteristic of a bureaucratic system of organization complementary to the seniority and equality principle, makes it possible for the conflict over power to be a fight between groups and a clear and a more acute one.*

SOME GENERAL HYPOTHESES

For anyone interested only in the actual description of the facts, the results we have reviewed cannot be generalized. We have already emphasized the marginal character of the two organizations studied. They certainly give a partial account of the way modern bureaucracies and even French bureaucracies operate. However, as our interpretations have shown, they offer, because of their peculiar features, a stimulating challenge for the social scientists. In that perspective, we would like to discuss now the general implications of our different hypotheses and make a first attempt at clarification.

The extreme examples of bureaucratic impersonality we have analyzed in our two cases have developed only because of a peculiar combination of cultural, technical and economic factors that maximizes certain bureaucratic possibilities.

The key point in these systems of relationships we have analyzed appears to be the complete autonomy of each member of the staff

from any kind of arbitrary authority. This implies strict equality between members of the same category—the only differentiation possible coming from seniority—the impossibility to promote from one category to another, the recruitment of the new members through open competition and generally the lack of communication between such isolated categories. This pattern is achieved by attempting to eliminate all possible sources of uncertainty which means practically by prescribing detailed types of behaviour for all foreseeable events and by centralizing all remaining decisions at such a level that they will also be impersonal. Its development seems to be possible because of two series of factors. First, stemming from the French cultural background, there is a very strong pressure for eliminating power relationships. Second, there is no counter pressure for efficiency obliging to rely on individual ingenuity *id est* arbitrary power.


Such a scheme of interpretation implies the following more general propositions which we would like to propose for further research :

(1) In modern complex organizations there is a general pressure from the part of the staff for the elimination of all sorts of power relationships. This pressure is one of the great forces behind the progresses of centralization and bureaucratization. But it depends at least partially on culturally bound attitudes and behaviours which accounts for striking differences between countries at the same stage of industrial development.

(2) The general development of technology by making it possible to eliminate many sources of uncertainty provides the necessary background for the overall trend for bureaucratization but it leaves a great deal of margin for the influence of social and economic forces.

(3) Routine types of behaviour and cumbersome processes that are usually associated with the pejorative connotation of the term “bureaucratic” correspond to attempts at eliminating uncertainty that are both artificial and unsound. They tend to develop in economically protected activities and all the more when the patterns of authority are authoritarian rather than democratic.

(4) Democratization of authority and training for accepting authority and responsibilities in face to face relationships offer the only possible alternative to the overdevelopment of Centralization and Bureaucracy.



EFFICIENCY AND ITS EVALUATION IN PUBLIC ENTERPRISES

Parmanand Prasad

THE recommendations of the Sub-Committee of the Congress Party in Parliament on "Parliamentary Supervision Over State Undertakings"¹ (Chairman : Shri V.K. Krishna Menon) have been under consideration by the Government for quite some time now. One, among the other recommendations of this Committee, related to the appointment of a separate Committee of Parliament for examining the working of public enterprises. In India, opinion in favour of such a committee began to be canvassed since the late Speaker of the Lok Sabha, Shri G.V. Mavalankar,² wrote to the Prime Minister "that there was a general feeling that a standing Parliamentary Committee might be appointed to see, from time to time, how these Corporations etc. were working and to make suggestions for improvements". The idea behind the establishment of such a committee has been borrowed basically from Great Britain. The British Select Committee has, so far, done a good job and has produced four first rate reports. In the opinion of many experts, however, the defect of the British model is that there is no provision of expert advice to aid the Committee.³ It may well be that, in the process of imitating, we may blunder into the folly of the British model. It is being said that if the British Parliamentary Committee can do without such an aid, why must we have it. It is also being urged that we should wait till either the British have it and prove its worthwhileness or the members of the Indian Committee make a demand for it. In this connection Prof. Hanson's view⁴ that, "an *effectively* staffed organisation for checking the efficiency of public enterprises is a 'Western luxury' ", is also being freely—rather too freely—used.

It would be wrong to claim that there are enough cost accountants or well informed managers in the country to do the kind of job expected of them in the West. It may also be true in some respects that it would be a "misapplication" of scarce and valuable manpower

1. *Parliamentary Supervision Over State Undertakings*, Report of the Sub-Committee of the Congress Party in Parliament, New Delhi, Congress Party in Parliament, 1959.

2. *Ibid.*, p. 38, para 110.

3. William A. Robson, *Nationalized Industry and Public Ownership*, London, George Allen & Unwin, 1960, pp. 203-11.

4. A. H. Hanson, *Public Enterprise and Economic Development*, London, Routledge and Kegan Paul, 1959, p.387.

to use such talent as members of the internal or external audit units instead of asking them to run enterprises directly. Although it would be unfair to say that improved methods of management functioning are completely absent from the Indian scene,⁵ from information available from the enterprises and other sources,⁶ it does not appear that there are in vogue any *systematic and improved* costing, budgeting and internal or external evaluation methods. The absence of such a system is only partly due to the scarcity of personnel. The lack of sufficient awareness about the importance of the need for the control of cost and the maintenance of a high level of efficiency, it seems, accounts for it more.⁷

The performance of public enterprises was the subject-matter of a debate in the Lok Sabha on the 13th and the 14th December, 1960. The discussion was raised by Shri H.C. Mathur (Congress) who wanted Government to come out with its decisions on the recommendations made by the Sub-Committee of the Congress Party in Parliament on State Undertakings. Shri Mathur complained of scanty reports, insufficient discussion in Parliament, defective staffing pattern and a return of less than 5% on an investment of about Rs. 170 crores in the public enterprises. Some members, who took part in the debate, were, however, very critical, in fact—in some cases almost cruelly so. For example, Shri R.K. Khadilkar (Independent) described the public sector as a “functioning anarchy”. Shri Jaipal Singh (Independent) complained of “profiteering” by them. Other members, like Shri Morarka (Congress), although sympathetic, were, however, critical in softer terms. According to Shri Morarka the reasons of ineffective functioning were two : (a) dearth of management talent, and (b) abundance of funds which made management treat public money with a certain amount of “laxity”. Shri Aurobindo Ghoshal (Forward Bloc) made some valuable suggestions. He said that unless the administration was streamlined, wastage avoided, overhead

5. Some of the Indian enterprises are quite ahead in this respect. The Hindustan Aircraft, the Indian Telephones, the Chittaranjan Locomotives and the Steel factories have set up some kind of labour norms for production. They have got Industrial Engineering Divisions as well. Work study, quality control, setting up of standards regarding the use of raw materials, fixation of targets of output for direct workers and other methods of cost control are in use in the D.D.T. factory, Sindri Fertilizers, the Hindustan Aircraft, and the Delhi Transport Undertaking. The Indian Railways have established efficiency units. The Indian Airlines Corporation has also moved in this respect after the publication of the Report on the Cost Structure of the Indian Airlines Corporation in 1959.

6. See, for example, Report on the Cost Structure of the Indian Airlines Corporation, Ministry of Transport and Communications, 1959, p. 1, paras 2, 9(b), (c) and (d).

7. Reference may also be made to the 9th and 16th Reports of the Estimates Committee (First Lok Sabha), 19th Report of the Estimates Committee (Second Lok Sabha), and Report on the Cost Structure of the Indian Airlines Corporation, *op. cit.* See also Parmanand Prasad, *Some Economic Problems of Public Enterprises in India*, Leiden, H.E. Stenfort Kroese, N.Y., Chapter III.

expenditure reduced and costing system introduced, the consumer would not benefit. The Minister of Industry, Shri Manubhai Shah, said that the public undertakings were doing fairly well. As an evidence of this he put forward the following pleas : (a) that, for the third Plan, the public sector was likely to yield Rs. 440 crores net surplus after providing for all encumbrances and depreciation, and (b) that the greatest contribution of the public sector was not its production or leadership or the social approach to avoid concentration of wealth but the great amount of training it had provided for young men.

There can be no disagreement with the above claim of the Minister that, by and large, public enterprises in India have done pretty well. But must this lull them into inactivity and make the managers rest on their oars? Efficiency is not a static concept. One must try to move from the existing state of efficiency to a better one. The points which Shri Ghoshal raised, therefore, deserve the deepest consideration. Not much thinking, however, has so far been done on this important issue in this country.⁸ There are two aspects of the question—Organisational and Conceptual. In this article an attempt has been made to discuss some conceptual issues only. The treatment has therefore become somewhat abstract. Although a few references have, at relevant places, been made to some organisational aspects of the question, for lack of space, a fuller and systematic discussion of this topic does not find place here.

THE VARYING INTERPRETATIONS OF EFFICIENCY

“By their work, Ye shall know them” is an old but wise Biblical saying. It applies to public enterprises as well. There is no other way to judge their overall efficiency except by results. Efficiency, as Sir Frank Tribe put it, is an eminently “pragmatic virtue”⁹ and can be judged by no standard other than the objectives that motivate work. But here is the real rub. There is no or little agreement about what is to be judged. People with entirely different views about public enterprises sometimes look for the realisation of objectives which are contradictory in nature. There are people who think that a public enterprise is a business enterprise and that is all. The protagonists of this view expect the enterprise to function strictly on business lines and reject the Webbsian idea of functioning in the open searchlight of public opinion. They hold that a public enterprise should “not be

8. “*Measurement of Management in the Public Sector*”, paper of the Indian Institute of Public Administration to the ECAFE Seminar on Management of Public Industrial Enterprises, New Delhi, December 1-11, 1959. This is the single systematic contribution available.

9. Frank Tribe, “Efficiency in the Public Services”, *Public Administration*, Autumn, 1949, Vol. XXVII, p. 160.

required to assimilate its conditions of work or rates of pay to those suitable for non-commercial activities". They advocate that employees of the enterprise should not be "provided amenities beyond the scale that would be provided by the best private employers" and as a justification urge further that "customers of state enterprises have given no mandate for employment conditions better than the best they themselves enjoy".¹⁰

An entirely opposite view can also be very legitimately taken. Socialists, for example, try to judge efficiency by the extent the enterprise comes up to their expectations in respect of wage leadership, workers' welfare, change in human nature and attitudes towards work.

The whole question of evolving the criteria of efficiency for the working of public enterprises is bedevilled by the mixture of the subjective and the objective. Among intellectuals, who try to analyse the concept impartially, the same difficulties come up under a seemingly very innocent-looking term 'public interest'. The whole trouble arises because the public are not only interested in economic and adequate product or service but such product or service which may be acceptable to them on their own terms. They demand more than efficiency. They ask for acceptability both in respect of content and methods. This complicates issues because it "involves imponderables of attitudes and responses that are not capable of objective statistical treatment—but which may in some circumstances be more important to the consumer than efficiency".¹¹ The difficulty is that, like so many terms having a very large and indeterminable connotation, the term 'efficiency' is so wide and porous that there is little interpretation that it can successfully resist. Some of the implications of this term in their qualitative aspects are so entwined with "values" held in the society at any particular moment of time that any attempt to find a single set of formulae whereby all the dynamically transient and diverse ends envisaged by people could be harmonised would necessarily end in a wild goose chase.

THE ISSUE OF PUBLIC INTEREST

Value considerations enter the field through the term "public interest". It goes without saying that public bodies must serve public interest. The difficulty, however, arises when a dissection of this elusive term is attempted. The meaning and content of this term varies from time to time. Even in a given moment of time, it is not

10. R.S. Edwards & H. Townsend, *Business Enterprise—Its Growth and Organisation*, London, Macmillan, 1958, p.515.

11. W.S. Steer, "Measuring the Public Services", *Public Administration*, Winter, 1952, Vol. XXX, p. 315.

always possible to provide a list of what is contained in the bag of this term. Not unoften strange bed-fellows may co-exist. The principal difficulty arises due to the mix-up of non-commercial considerations with the commercial ones. Such a mix-up takes place when a justification is sought for the provision of differentials or special price advantages to particular groups of customers. The usual examples often cited are preferential rates recommended for electricity supply to rural areas, the opening of a new railway line in a new or sparsely populated region, the provision of postal and telegraph services at a loss, subsidisation of irrigation and manure. Many more examples could be given. To mention just one more. It is not unoften the case in under-developed countries that some imports are either totally prohibited or partially controlled on grounds of foreign exchange difficulties. Finding this to be an ideal situation for making high profits, let us say, some enterprising businessman asks for permission to instal a factory for producing it in the country. He may seek permission for foreign exchange for the import of machinery and raw materials and argue also that it would be in national interest because it would provide employment and add to the national income. But the Government may consider all these considerations of less importance relatively to other better and, in the long run, more advantageous uses of the foreign exchange required by this man. In such a case the demand of the private manufacturer may very justifiably be rejected on grounds of public interest.

Public interest may appear in the guise of a more general economic phrase, *i.e.*, "serving the general economic objectives of the community." This may refer to such large questions as full employment, equitable distribution, price stabilisation, contra cyclical operations, overall balance in resource allocation, correction of sectoral and zonal imbalances in development etc. The pursuit of many of these "innocent" and otherwise "desirable" aims may very often be in conflict with the immediate realisable gains expected of particular enterprise.¹² The issue may also arise from considerations of national defence, cultural pursuits and even temporary political questions. The subsidisation of atomic research, international airlines, help to broadcasting and socio-economic institutions are other familiar examples.

It will be seen from what has been said above in an illustrative

12. "The performance record of the nationalized industries has been the subject of lively controversy, with government official, Parliamentary, layman or economist attacking or defending it on the basis of concepts, often not clearly defined, of how enterprises should be run in the public interest. In practice the record is a highly complex one and defies simple description or evaluation". See W.C. Baum, *The French Economy and the State*, 1958, New Jersey, Princeton University Press, p. 223.

manner that the question of the assessment of performance in the very general context of whether public enterprises are functioning in the national interest can, at best, be answered in overall terms.

DEVELOPMENT OF EVALUATION CRITERIA

For purposes of analysis it may be of advantage to separate the means from the ends. This may enable the evolution of two sets of criteria¹³—one regarding the methods of functioning and ends which are quantifiable and the other regarding ends which involve qualitative judgment. Such a self-imposed limitation in discussion is by no means an indication of any under-valuation of the question but only a reaffirmation of its importance and a frank admission of the inadequacies of quantitative appraisal. Sometimes, however, too much may be made of the term 'public interest'. It may be used as a cover for all 'sins'. The existence of 'public interest' does not mean 'less cost consciousness'. In fact, it should mean more of it. But not unoften one hears generalist administrators boasting of their lack of care for 'annas and pies' and even saying that they do not like to waste time over checking accounts. For them the least one can do is to recommend to Government to place on the doors of public enterprises what Plato did in his Academy "Entry forbidden to any one who cannot appreciate the importance of the figures". There are many aspects of problems concerning public interest which are quantifiable.¹⁴ Methods devised for this would, however, have to be different.

SOME METHODS OF EVALUATION

While giving his evidence before the Coal Industry Commission in 1919, Mr. Sidney Webb recommended the following for measuring the efficiency of public enterprises:¹⁵ (i) Accurate measurement; (ii) complete publicity; and (iii) continuous comparison. In their famous work, 'The Constitution for a Socialist Commonwealth of Great Britain', Mr. and Mrs. Webb reiterated the same with some explanations. They recommended the "systematic organisation of comparative statistics of outputs or results in the various parts of the service, of detailed costing, of continuous test audits and of sample

13. This separation of subjects need not necessarily mean the establishment of different evaluation units. It should not also mean that Parliament in its capacity as the ultimate forum for passing judgment regarding the performance of public enterprises would become redundant.

14. For example, the achievement of a high quality of production and service measured by national and international standards; reduction of costs, and increments in returns on capital, contribution to national income and fulfilment of Plan targets.

15. Evidence of Mr. Webb quoted in A.H. Hanson, "Report on the Reports—The Nationalised Industries 1950-51", *Public Administration*, Summer, 1952, Vol. XXX p.118.

inspections". They also pleaded for "the organised study of other analogous administrations" and "original research into the subject matter with a view to new discoveries". It is half a century now that they wrote these words but it is very difficult to say if they have been given effect to even now in any country. Sir Frank Tribe, referring to the usefulness of comparative data, has suggested that they should be classified into four categories : (1) inter-period, (2) international, (3) inter-departmental, and (4) inter-regional or inter-office.¹⁶ A lot can be said in favour of all these provided it may be possible to devise methods to give due weightage to facts which are supposed to be acting as causes. Let us take a few simple cases to explain this further.

Some people advocate comparison of the achievements of public enterprises with those of the private sector. If such an evaluation were done scientifically and with reference to the comparables, there could perhaps be little to object to. But since such a plea is usually associated with persons whose love for the public sector is not above doubt, it has not found many supporters. There are other reasons too why this device has received qualified reception. Firstly, common denominators for making such a comparison exist only for a limited field of activity. The difference in motives of operation accounts for this. Secondly, there are difficulties in making over-time comparisons. Significant differences in the objective situation sometimes take place between two time periods regarding such vital matters as cost-demand relationship and techniques used for production. Thirdly, difficulties in comparison may also arise due to differences in age, method of raising capital, additional cost on account of the payment of compensation, change in the ratio of fixed investment and so on.

Attempts at international comparisons are still more difficult.¹⁷ A comparison of productivity indices sectionally and cross-sectionally in several time sequences may, perhaps, be of some real help. This may not, however, be easy because it involves the conversion of a large number of non-homogeneous data relating to inputs and outputs into homogeneous units through the complex process of weightages. In disentangling the causes from the effects and giving to each its exact due, the evaluator will come across many conceptual difficulties. The evaluator will have to reconcile the differences between market and social prices

16. Sir Frank Tribe, *op. cit.*, p. 162.

17. A comparison of performance of, say, a D.T.U. Bus driver with his counterpart in London would be wrong. Apart from other variables one would have to take account of the nature of the capital equipment, the condition of the road and the behaviour of the men and even stray animals. The British Parliamentary Committee's report on the operation of the B.O.A.C. contains a satisfactory comparison. See *Report from the Select Committee on Nationalized Industries* (Reports and Accounts), HC Paper 213/1959, H.M.S.O.

of the factors of production. This is concerned with only one time dimension. He may also have to assign monetary values to transactions covering different dates in the life cycle of the project so as to bring about homogenization of values for purposes of comparison. To all this should also be added the difficulties involved in the examination both of the direct and the indirect effects flowing from the activity under evaluation.

It is also not unlikely that the focus of attention of the evaluator may, in this process, get such an exaggerated value that what is only a contributing factor may be regarded as the determining factor. For example, if the evaluator happened to be particularly interested, say, in labour productivity, he might compare two units of business enterprises with reference to this single factor only and pronounce the judgment that unit 'X' is better than 'Y' without taking into account differences regarding several other factors of no less importance like capital composition, skill of labourers, etc. It is obvious that conclusions derived thus will be only partially valid. One final point : Institutionalisation of appraisal requires standardised methods of judgment. In any act of evaluation, it is not only the institutions which will be judged but men also who run them. In this respect judgment will naturally be less quantifiable for it is difficult to find standard data about such an unstandard being as the human individual. Moreover since the benefits of the public sector are mostly infra-structural in nature, they will appear only in terms of social overheads. The usual performance tests will therefore not apply. Other tests like the national income test or contribution of the public sector to national savings, may have to be applied. Although such a line of thinking might prove to be of help, there is not enough literature available on the subject to go by.¹⁸

The catalogue of difficulties cited above was not meant to suggest that the subject is so hopeless that nothing need or can be done in this respect. So much depends upon the working of these viable and vital economic institutions that some way out must be found to explore as exactly as possible whether and how far they are working economically and effectively. It is quite obvious that such an exploration cannot satisfactorily be done by Parliamentary committees

18. Prof. J. Tinbergen has done some pioneering work in this respect which is continuing in the Division of Balanced International Growth at the Netherlands Institute of Economics. A glimpse of this research may be found in Prof. Tinbergen's report to the International Bank for Reconstruction and Development, *The Design of Development*, 1958. In respect of savings as a criteria, reference may also be made to the work of H.L. Mazumdar, *Business Saving in India*, Groningen, J.B. Wolters' Publishing Co., 1959, pp. 225-227. See also "Efficiency under Nationalization and its Measurement", by P. Sargent Florence and Gilbert Walker in W.A. Robson, ed., *Problems of Nationalized Industry*, London, George Allen & Unwin, 1952, Chapter XI, pp. 195-207.

unaided by expert advice.¹⁹ It cannot also be done by an audit organisation which is innocent of the special needs and hurdles of the business world. In most cases investigations conducted by such a body would tend to be sporadic, *ex-poste* and excessively juridical. While such investigations might succeed in making management pennywise and extra-conservative in taking any new course of action, it is doubtful if they will enlighten or enthuse it.

ORGANISATION OF EFFICIENCY AUDIT

It appears quite clear that such an audit will have to be done at two levels by two different agencies—one internal and the other external. The former may be called Internal Efficiency Unit and the latter Efficiency Audit Bureau. The reasons why the establishment of two units is being suggested are the following : (a) to provide a safeguard against duplication of work, and (b) to protect the operating unit from too many “good ideas” and “canned” programmes emanating from persons who take no responsibility for execution. It is not necessary that the two organisations must come into existence simultaneously. The establishment of the former may either precede or follow the inauguration of the latter. In fact, pending a comprehensive change in the budgeting and accounting procedures, reforms could be introduced in phases. This will mean slow progress. But it cannot be helped. Most countries and certainly under-developed ones do not have enough men with skills to do the job.²⁰ The quarrel on this point seems to be of the nature of ‘the hen and the egg’ controversy. What is important is that an improvement even in one phase may stimulate and call forth similar improvements elsewhere.

FUNCTIONS OF THE INTERNAL UNIT

The function of the internal unit would be to provide expert staff aid to management. The function of the external unit would be

19. Writing on this issue, Prof. Robson said : A select committee of this kind could only be effective if they had at their disposal expert guidance similar to that provided by the Comptroller and Auditor-General (with the Exchequer and Audit Department) for the Select Committee on Public Accounts. This function might be performed by an audit commission such as I have suggested. The efficiency audit is thus not incompatible with the proposal for a select committee on public corporations. An organ of this kind may even be a necessary corollary of the select committee idea. Nevertheless, we could have an audit commission without a select committee of Parliament. It is possible, however, that the two devices in combination might produce the most effective results. *Problems of Nationalized Industry*, op. cit., p. 322.

20. The fact, although contested, was stressed by Prof. Hanson and Mr. Ronson during the ECAFE Seminar at Delhi. For a summary see *Report of the Seminar on Management of Public Industrial Enterprises in the ECAFE Region*, 1-11 December 1959, pp. 4-5. Mr. Ronson has again made the same point in one of his recent articles. See George Ronson, “Accounting as an Aid to Management”, *Productivity*, (Journal of the National Productivity Council), Vol. 1, No. 6, Aug.-Sept. 1960. pp. 435-445.

to evaluate it for purposes of reporting to Parliament. The former would conduct audit 'for' management as distinct from audit 'of' management which would be done by the Efficiency Audit Bureau. Some kind of working relationship will have to be established between them.²¹

If proper co-ordination could be established between the internal and the external audit, the latter would be strengthened and helped to appraise management functions better than is the case today.²² The very character of external audit would change from mere verification of the sample of functions taken at random to measuring the effectiveness of the management as a whole. If this happened, as it is hoped, Parliament and the Government might not find themselves constantly faced with the problem of taking maximum responsibility on minimum of information.

The execution of economic policy needs to be continuously aided by facts and figures critically examined both in the background of set aims and scientific principles of working so that the maximum could be procured from the means employed. Such a continuous study would be required for two purposes; (a) to provide knowledge to management for controlling its execution, and (b) to supply reliable information to the Efficiency Audit Bureau for evaluating performance and testing executive policy.

All planning starts with the appraisal of the given situation and execution moves from one situation to another. Both these require collection and analysis of data not only in terms of the present but also of the past so that correct evaluation could be made. Such a

21. The internal unit would be organised as a staff agency under the budget and accounts department.

22. Although some of the functions performed by the internal unit might be of the nature of pre-audit, it would be different from it in the sense that it would be a continuous audit. The function of pre-audit is necessarily negative in the sense that it seeks to check the occurrence of irregularities. Continuous audit, on the other hand, has a positive function to perform. Pre-audit generally refers to the system by which prior control over government expenditure is exercised by one or several agencies empowered for the purpose. It is distinct from post-audit which refers to checks of expenditure after they have already been made. Pre-audit sometimes leads to over-control through the requirement of obtaining counter-signature of a number of documents and vouchers by a number of persons in the hierarchy of the department making the payments. Most often this involves the examination of a variety of papers over and over again for ascertaining correctness and legality. It creates an "inevitable tendency for duplicating effort, excessive delay and inefficiency in the transaction of government fiscal efforts." Instances in support of the above contention are available from several countries of South America. The remedies sought by these countries have been worse than the disease. They have gone from 'over control' to a system which Prof. Harold Siedman rightly regards as a negation of it. Much of the confusion it seems has occurred due to wrong motivation and faulty organisation. Any such agency which acts merely in the negative sense will fail to achieve the essential function of acting as a unit whose main function it is to continuously report to management about performance as it takes place so that management could improve its operations in the light of knowledge thus gained. Also see *Government Accounting and Budget Execution*, U.N., 1952.

kind of service to management is required because very often it is found that either policy has not been carried out as it was intended by the policy-makers or, at least, it has not worked out in the manner optimistically expected or, might be, some new development has suddenly intervened. There might be various reasons of divergence between policy and execution. There might be lack of co-ordination in the spread of knowledge about aims at the top and levels lower down or might be that overall aims were known to all but there was deficient understanding about important questions of details or there might be downright error in execution. More complicated reasons for this divergence might sometimes come from exogenous sources. Optimistic forecasts might have been built on superficially known facts or unforeseeable autonomous forces might have intervened.

Internal efficiency unit, if established, should be able to locate the places of divergence, find the reasons thereof, and provide guidance and knowledge to management to take care of these aspects of the question and serve as guides to management for purposes of effecting continuous correction and achieving a state of efficient functioning acceptable to all concerned. Its two broad functions would be attention-diverting and problem-solving. Since many of the tests and controls which will be vital for the internal efficiency unit may be of vital interest to management also, a system of mutual consultation and co-operation must be established from the very start. It will be well to realise that better performance, lower costs, reduction in wages etc. neither trickle from the top nor well up from the bottom. All these take place on the basis of a two-way traffic. For such a mutual understanding to thrive, it is important that each party should keep strictly to its tract.

The internal efficiency unit will have only staff functions. It should be content with just "holding the mirror" to the management. It is for management to take the lessons or not. Its main function would be to supply timely information to management about operations in progress. The quickness with which this unit can transmit reliable—not necessarily perfect data to management about the nature and place where deviations are taking place or are going to take place would measure its efficiency and provide clues about the adaptability of the organisational structure devised for performing the task. Similarly the extent and manner in which management responds to it and takes appropriate action in time would measure its efficiency.

For this unit to function effectively a number of changes will have to be brought about in the accounting, budgeting and reporting systems of individual enterprises. Much will depend upon these changes. Utmost care, therefore, must be taken before introducing

them. It may even be wise to go by steps or else it is quite possible to be so conditioned in mind as to confuse the means with the ends. The creation of a built-in control system may turn out to be a big deterrent and initiative may be stifled. It would be a bad day for all concerned, if management ceased to take calculated risks. Rigidity acquired thus may turn out to be worse than that which already exists. The rationale of all institutional changes in the accounting and budgeting practices would ultimately lie in the capacity of these changes to record the present events as correctly as possible and to indicate the future as reliably as possible so that something could be done about them in time. The aim would not be to attain perfection but to achieve results better than in the past.

Many of the defects of the present system of accounting in public enterprises stem directly from the fact that it is more repetitive than reportive. If, instead of this, centre-wise reports regarding receipts, expenditures and obligations relating to the performance of specific activities were submitted periodically to the relevant supervisory levels of the organisation, both comparative and indicative data would be available to management so that it could take such corrective steps in time as it deemed necessary. Timely action is very important in all activities but in business enterprises a special significance is attached because here it is the degree of success achieved in handling the problems of change which largely accounts for the difference between success and failure.²³ At the moment, for lack of adequate timely information, management's attention is not drawn towards reductions on items which call for them but it escapes them because of their lying undetected at isolated places. Savings on their account might not be insignificant or less important. In fact such savings might be better than the spasms of cost-reducing activity which sometimes follows occasional efficiency drives organised by management. Hectic and sporadic cost reduction might, in fact, harm the organisation and leave scars behind. Permanent benefits ensue only from smooth action. A mere increase in the supervision of work, for example, may spell a difference in performance in quarters unsuspected of yielding such a result.

Since the purpose behind the proposed system would be to inform, it would reflect management needs. Each centre of performance would have its own operational account indicating (a) appropriations and apportionments available to it, (b) encumbrances and disbursements charged against (a) above, (c) revenues and expenses embracing assets and liabilities relating to programmes, and (d) property accounts integrated with fiscal ones on the basis of up-to-date

23. In a static situation also such information would be useful.

prices. The cash basis of account is incapable of doing all this even if the books be kept open till after the close of the financial year. Some sort of the accrual account would have to be adopted. This would enable records regarding revenues and expenditures being kept in actual terms. In this system inventories would not be recorded as cost so long as they were not actually used. The advantage of this system would be that it would provide management with data regarding unit costs. Many more suggestions could be made.²⁴

THE ROLE OF BUDGET

Before leaving this topic of internal audit, it is essential to say something about budgetary reforms as well because budgeting and accounting are twin set tools in the hands of management—one *a priori* and the other *a posteriori*. The former expresses the costs to be incurred and activities to be executed and the latter the expected course of costs and activity step by step, section by section, time by time, throughout the projected period of the plan of activity of the business concerned.²⁵ Alteration in demand conditions and price levels etc. call for a continuous reshaping of business budgets. They have, therefore, to be relatively more flexible than government budgets.²⁶ It cannot be said that the existing devices for bringing about flexibility are good for modern government, but they are certainly not adequate for business enterprises. For them long-term, short-term and current budgets require to be framed. The long-term budget may run over a period of, say, 10 years or over. The short-term budgets may be divided into two parts, one covering the plan period of five years or so and the other the financial year. The current budget should preferably correspond to the cycle of production. It should be broken up into different task components representing the various centres of performance within the organisation. Near and at the floor level the

24. The difference between the objective standards set for sacrifices and the quantity of materials actually used up would yield data regarding costs in physical terms while the difference in price between the time of acquisition and final sacrifice would give information regarding costs in financial terms. Such a system of accounting would help management to make realistic allocations towards replacements also.

25. Abram Mey, *Rapport de l'Institut neerlandais des Sciences Administratives*, Istanbul, International Institute of Administrative Sciences, 1953.

26. The usual techniques for bringing about budget flexibility in Government generally are the following : (a) To make lump sum appropriations rather than itemised appropriations thus giving authority, freedom to manipulate funds according to needs. (b) To make itemised appropriations in most cases but leave a sizeable amount in the category of lump sum grant from which reallocations are made on the discretion of the authorities concerned. (c) To create a revolving fund which does not lapse with the close of the financial year but is carried forward automatically. (d) To create a contingency or emergency fund out of which unforeseen expenditures might be met. (e) To authorise departments on the sanction of the Ministry of Finance to transfer payment from one appropriation account to the other. This it may be noted is subject to abuses. For details, see *Manual on Economic Development Projects*, U.N., 1958; also *Government Accounting and Budget Execution*, U.N., 1952.

budgets should be prepared in physical terms but higher up it should be both in physical and current price terms. The authorisation budget expressed in financial terms is concerned with the legality of expenditure and the competence of the executives making it. The current budget formed on the basis of tasks would be concerned more with the quantity and quality of sacrifices unavoidably required in the techno-economic sense in a unit of time and for a unit of product. This budget will be primarily concerned with the efficient use of resources. This will, therefore, be essentially a cost budget.

The operation of these two types of budgets simultaneously within the enterprise would (a) open the possibility for comparing differences in real sacrifices between two time periods in terms of physical outlays and (b) provide basis for comparing differences between expected and actual costs both in time and overtime. A proper integration of such a budget with the kind of accounting system as has been outlined above would enable management to study the nature, extent and causes of variations with reference to standards of targets initially set. This will make budget forecasts normative for purposes of execution. Execution itself, in its own turn, would become normative for verifying budget forecasts. A two-way control system would thus come into existence in the aid of management. Most normal irregularities and inefficiencies would thus be sandwiched between the two blades of the scissors of budgeting and cost accounting and differences between the forecasted and actual data would provide indication of changes in conditions and circumstances, which, in their own turn, might once again, be subjected to further factual study and investigation. It is thus that efficiency, if defined as the most effective application of skill and effort to the acquisition, conversion, and distribution of goods and services at the technically and economically unavoidable minimal cost, can be controlled and realised.

It may be said that the system outlined above would be too complicated to be useful. Although such a criticism would be wrong, it must be conceded that it would not be very easy to adopt it all at once. The first thing is that there should be a planned programme in existence so clearly defined in its objectives and targets and so agreed upon by the staff concerned that there is no confusion about it either on paper or in mind. The second important thing is to introduce a system of delegated responsibility in spheres where needed. Persons in charge of the centres of performance would be the obvious choices for this. Responsibility and authority must go together. The formulation of the budget on the pattern outlined above will be the third step. Reforms in the accounting system may follow it. Obviously these tools of management would be crude in their beginning but

constant use will make them refined and economic. Once management begins to have on its table comparison of performance with reference to targets by months, quarters and years in order to be able to judge the historical pattern of progress of the business it will itself be interested in fostering and developing such an internal reporting mechanism.

It is not suggested that the techniques indicated above exhaust the field. Better techniques would evolve through practice and experience. What is important is to realise that efficiency, like liberty, is a matter of eternal vigilance and there must be some body inside the organisation constantly to remind those working in it about its need.

DANGERS OF EXCLUSIVE RELIANCE ON COST-BENEFIT RATIO

It would not improve matters if efficiency check-up was concentrated exclusively or even disproportionately on cost-benefit ratios in terms of existing market values and the entire area of long-term socio-economic benefits arising out of functioning was left to be evaluated wholly on intuitive basis by the press, the public and Parliament. The cost-benefit ratio calculated in terms of the present market value has its uses in the current period for purposes of control but that is all. These ratios cannot become the standards of evaluation for long-term purposes because management excellence consists precisely in seeking to disturb and change these ratios. That which is sought to be changed cannot become the standard. It is standard only in the sense that the prospective ratio should not be worse than the present one. Proper efficiency audit cannot take place if tools are not evolved which give not only cost-benefit ratios of performance but also simultaneously indicate achievements in respect of the minimisation of social costs, augmentation of capital resources, provision of additional income and so on. As money cost ratios at current prices are of only limited value, opportunity cost ratio may not also be of much help in many cases. In some cases, as in the case of surplus labour, the opportunity cost in under-developed countries is zero. Moreover, how can one arrive at any opportunity cost ratio of current sacrifices of available scarce resources in, say, expenditures incurred on multi-purpose river valley projects? Could any one say with any definiteness if money spent on the Kosi project would have afforded better opportunity cost ratio if all of it were, instead, spent on the extension, say, of educational and research facilities. The real question is what the Kosi project actually does and promises to do for the expansion of productive facilities over a number of years in the general context of the economy as a whole.

The above discussion shows the possible dangers in organising a separate audit department for efficiency check-up as a narrowly conceived agency based merely on input-output and cost-control theories of accountants. Cost accounting done on this basis will show only one side of the ledger of performance *i.e.*, the efficiency of short-term performance in terms of the limited cost-benefit ratio. Therefore, while it is important that such a system should be there because it would provide an efficient tool for diverting management attention to existing deficiencies and mistakes, it should be realised that it is not enough because its capacity as a problem-solving instrument in respect of wider and long-term issues is limited. Efficiency is a dynamic concept. It would be wrong to regard existing efficiency as the best that could be had. It is in the interest of management to go on increasing efficiency. In private enterprise profit measures it in a rough way. But in public enterprises this test may or may not be there. Even if it be there, the problem is not solved because the concept of public interest is attached to its function in a rather peculiar way. Private enterprise may also (and often does) take care of public interest. Some of the progressive ones do come up well in this respect. But the consideration of this issue is "not the first item on its agenda". It is not being suggested that the time-old utility industry no-profit-no-loss Fabian thesis, which is sometimes sought to be built into nationalisation legislations through requirements regarding break even test, is always correct. In fact, it may not be conducive to the efficient use of resources. The decision in this respect should not ignore existing capital equipment, the general market situation, and the overall economic policy of the Government. It may sometimes be good to work on profits and at other times even on losses. Moreover, a mere improvement over last year's performance may not necessarily be an indication of the correctness of price-output decisions. "Past profits", it has been well said, "invite confidence in the future, but they do not command it." "Past losses", similarly, "test confidence in the future but they do not necessarily shake it".²⁷

THE NEED FOR EXTERNAL AUDIT UNIT

The cost accounting method of judgment needs to be supplemented by evaluation not only in terms of the existing plans but also in relation to various other indices, *e.g.*, those of long-term plans such as those drawn by the Perspective Planning Division of the Planning Commission in India or else such an audit cannot easily escape being

27. Geoffrey Vickers, "The Accountability of a Nationalised Industry", *Public Administration*, Spring 1952, Vol. XXX, pp. 71-80. Profits may accrue on account of conjunctural circumstances management may have nothing to do with.

limited by the rigidities of evaluation done in narrow terms and ratios based on the ruling market value. To be really valuable it would be useful to take into consideration the relationship of performance not only in terms of the past and the present but also the projected future. It is thus that a full view of performance could be had. The enlargement of the scope of work will require evaluation to be done in its various cost and time relationships. Obviously this function cannot be performed by the internal audit unit. This will have to be done by the external unit.

There should be a separate independent statutory body called the Efficiency Audit Bureau²⁸ under an Auditor General.²⁹ The independent statutory existence of this body would enable the advantages of the existing organisation of the Comptroller and Auditor General to be kept in tact. Its functions would be : (a) to check accounts as per the authorisation budget in financial terms; (b) to check accounts in physical-cum-financial terms as per accounts maintained and checked by the internal audit unit; and (c) to make an overall assessment of performance keeping in view long-term trends and general national needs. The first task would not be different from the one that is now being performed under the existing arrangements. The performance of the second task would be considerably helped if the internal audit unit already existed and business account was being maintained on the basis of a commonly agreed form. If, however, the external unit preceded the formation of the internal unit, forms of accounts for this purpose would have to be issued by it to the operating units so that they could organise their internal accounting cells accordingly. The purpose of accountability to Parliament in regard to what is happening to the money of the tax-payer would be served best in this manner because accounts audited in this way would certify not only the legality of expenditure but also its economic justifiability. Moreover such an auditing at two levels would create a correct type of cost consciousness. Management need no more be fearful of being judged by uninformed persons with the help of wrong tools and criteria.

Thus, while the advantages of the existing type of auditing would not be lost, a more realistic auditing would come into being. The question may be asked here whether the new body would not interfere with the autonomy of management. This is a question concerned

28. The term was first used in *Public Enterprise*, ed. Prof. W.A. Robson, Allen & Unwin, 1937, p. 380. See also *Problems of Nationalised Industry*, op. cit., pp. 321-22, and *Nationalised Industries and Public Ownership*, op. cit., pp. 195-207.

29. The 'Efficiency' Auditor General might sit on the Parliamentary Committee and advise it in the same manner as the present Comptroller and Auditor General does in the case of the Public Accounts Committee.

with the kind of relationship that might exist between the external and the internal units. The fear may be genuine and also exaggerated. The dilemma is real and the only escape is through the establishment of cordial and co-operative relationships based on common motivation. Frictions there might be but they should be accepted as inescapable and in certain circumstances not entirely undesirable. Autonomy, after all, is not a principle or an end in itself. It is a means to an end. The real point is not interference with autonomy but irrational interference with it. The safeguard of initiative in respect of certain matters with management is essential and it will be in the interest of the external unit itself to guarantee it. Much would depend on the staffing of this unit. If the staff were drawn from the field of business there might not be much danger of non-business like interference. It is said that experts disagree too much. It might be true in some cases. But it is also true that when they agree, they agree too well. It may be also said that enough men with requisite experience and training may not be available. But this is no argument for not beginning with the experiment even on a pilot scale.³⁰

The third most important function of this Bureau would be to take an overall long-term national view of performance. If this Bureau maintained a constant vigil on the enterprises through a systematic and continuous study of their accounts and problems in a comparative manner keeping in view their future in relationship to the economic needs of the nation, there is no reason why, in due course of time, it might not evolve correct methods and criteria for evaluation and indices which might give a correct or near correct view of the achievements of public enterprises to Parliament and to the public at large.



30. The Commercial wing of the Comptroller and Auditor-General's office might, very well, in due course, take up the job.

CAPITAL FORMATION IN STATE ENTERPRISES IN INDIA

I: PRIZE ESSAY

by
R. K. Jain

FOR the forward movement of the economy successive additions to the country's store of capital equipment are essential. The rate of capital accumulation must be large enough to effect an increase not merely in total national income, but in national income per capita as well. The capital requirements of an industrialisation programme in the public sector have to be viewed from the points of view: that, the country suffers from a serious shortage of capital in relation to both land resources and labour resources; that, in general, an industrial establishment requires substantially more capital than an agricultural or commercial unit; that, most of the capital invested in a factory is usually far more fixed in nature and location and far less flexible in function than that invested in a farm or shop and; finally, that the country has no sound and strong tradition of industrial investment.

Capital shortage is a characteristic phenomenon in under-developed countries including India. It acts as a deterrent to the growth of productivity of the land and labour and is insufficient to employ the population fully even in the least capital intensive activities. The mass of the population have little or no margin between receipts from wages or the sale of produce and expenditure on necessary consumption goods. Only a small number of people are regularly in receipt of an income which permits savings and it constitutes a small proportion of the total. In other words, the poverty of the people prevents them from saving more than a very small proportion of their current incomes.

(I) FOREIGN CAPITAL

Under the circumstances, therefore, foreign assistance seems to be the only possible way out of this 'misery-go-round' impasse, and is definitely of very great importance to the country in order to find the resources for capital formation. Foreign capital can be made available to under-developed countries in four ways, *viz.*, through export surpluses or favourable international trade, through government borrowings, through private borrowings, or through direct equity

investment. Nevertheless, there are certain limitations which render the methods of foreign assistance substantially ineffective.

(a) EXPORT SURPLUSES

First of all, export surpluses can become an important source of substantial stepping up of aggregate investment for the purpose of economic development, provided that foreign demand for the commodities to be exported is high, and consequently the terms of trade are in favour of the producers. But fluctuations of foreign demand and internal supply make the export activities, which consist largely if not exclusively of primary products, a very uncertain method of capital accumulation. "There are many uncertainties in the situation. Several of India's important export commodities, such as tea, jute goods and manganese ore are subject to sharp fluctuations in demand, and a relatively small adverse turn in the monsoon is apt to necessitate substantial imports of food grains and raw materials. Again, the terms of trade change from time to time. Even a ten per cent deterioration in these can make a difference of as much as Rs. 80 crores to the payments position in a single year. The annual phasing of import requirements presents special difficulties, for this depends not merely on the requirements of the development programme but also on the availability of machinery or key materials like steel from abroad".¹ Industrial development is, therefore, affected not only by the fluctuations in the volume of export earnings but also by their instability.

Moreover, even if we succeed, through foreign trade, in acquiring considerable foreign exchange resources, it still suffers from other disadvantages. Firstly, there is non-familiarity with the mobilisation of these resources for appropriate investment purposes. The primary task of the industrial programme, in the present economic environment of the country, is to acquire the most appropriate capital equipment for the specific industrial purposes. The sources, however, which comprise small groups of highly specialised firms in industrial countries, are often poorly organised and non-familiar from the point of view of catering for these very special requirements.

Secondly, the remoteness from the main sources of capital equipment also hampers, to some extent, the industrial growth in the country. Delays in the production and delivery of plant, transport charges, installation costs and other service charges have held up industrialisation plans from time to time in the past, especially during the post-war period when reconstruction demands lay so heavily

1. *Second Five Year Plan*, Planning Commission, Government of India, 1956, p. 94.

upon the capital goods industries of more advanced countries. Sometimes, exports of certain commodities to the hard currency markets have also acted inimically to the industrial growth. These factors raise the relative price of capital goods, and it may mean that the desired goods are not available at any price.

Finally, one must also take the question of technical innovation into consideration. It means that the plant manufactured primarily for use in a highly industrialised community is often ill-adapted to the requirements of an under-developed country. Non-suitability of autonomous devices developed in industrially advanced countries and the intricacy of many machines tend to magnify repair and maintenance costs in factories and often they are left unused in less developed countries.

It is, therefore, clear that, although foreign trade constitutes an important means of capital formation, dependence upon the export of a small range of primary commodities is a disadvantage from the point of view of accelerating the rate of industrial advancement in the country.

(b) PRIVATE BORROWING

Private borrowing had been till recently, by far, the most important form in which foreign capital could be made available for the industrial development in less developed countries. The relative importance of private borrowing lies in the fact that "direct investment usually involves the transfer not only of capital but also of key personnel and technical knowledge and proficiency".² In spite of these advantages, however, nowadays it has sunk to a very low ebb, and its revival seems improbable. On the one hand, investors fear of the danger of nationalisation and exchange controls that deny them any tangible benefit of the profitability of their concern. On the other hand, in almost all under-developed countries freedom from undue outside influence is often valued almost as highly as economic development with the result that they often view the mere presence of a foreign owned industry with suspicion and fear of interference with domestic and foreign policies

(c) GOVERNMENT BORROWING

Government borrowing from abroad has a long history. Indeed, in most of the under-developed countries investments in communications, power, plantations, and mining industries, and other basic

2. *Processes and Problems of Industrialisation in Under-developed Countries*, New York, United Nations, 1955, p. 76.

facilities have been heavily dependent upon public borrowings from foreign sources. However, since the financial crisis of the early nineteen-thirties and subsequent restrictions upon foreign lending imposed by the major capital exporting countries, the international capital market has operated on only a very limited scale and, so far as under-developed countries are concerned, access has been very difficult.

With the breakdown of the international capital market special lending institutions in advanced countries (such as the Colonial Development Corporation and the Commonwealth Development Finance Company in the United Kingdom, the United States Export-Import Bank and the International Bank for Reconstruction and Development in the U.S.A., etc.) have assumed a more important role of financing the projects of needy and particularly under-developed countries during recent years. They have made useful contributions to the capital structures of under-developed countries. In relation to real needs of raising the level of investments in recipient countries, however, the total volume of loans they have issued is quite inadequate. Moreover, as banking organisations organised on commercial lines they act in the light of basic conservatism, secure their own interests first, apply strict commercial tests to each project they finance, and judge the projects in the light of their worthiness as to self-liquidation. Consequently, no-yielding, low-yielding or slow-yielding projects and the projects providing basic goods or services are generally avoided. Sometimes, political considerations in determining the distribution of credits and high rates of interest also work unfavourably to the development of industrial projects in needy countries.

In India also a place of pride has been given to direct government-to-government loans, grants and aids for economic and technical assistance. Many industrially advanced countries have contributed resources to capital requirements of the country through various special funds. Nevertheless, it is generally recognised that all this assistance has not been sufficient to prevent the gap between the total estimated external assistance and the actual assistance provided for,³ on the one hand, and to prevent the gap between the developed and under-developed countries like India in respect of production per head and the standards of living from increasing, on the other.

(d) DIRECT EQUITY INVESTMENT

During recent years, the partnership principle has been extended to the state enterprises, especially where the industrialisation

3. For example, during First Five Year Plan period total external assistance was estimated to be of the order of Rs. 521 crores, while actual assistance made available aggregated to Rs. 296 crores. (See *Review of the First Five Year Plan*, Planning Commission, Government of India, 1957, p. 30.)

programme has been envisaged. Accordingly the Government of India has entered into partnership in varying degrees with foreign private capital in several manufacturing undertakings such as the fertilizer plants, iron and steel plants, machine tools factory, factory for manufacturing heavy electrical equipment, etc. The chief advantages claimed of this 'joint venture' form of external assistance are that it leads to re-investment of profits within the country, effects a parallel and complementary transfer of know-how and accelerates the rate at which technical knowledge and skills are passed on to local workers while retaining the major part of effective control in domestic hands, who are familiar with local conditions. There are, however, certain obvious obstacles, such as, defective programming, poor administration, inflation, balance of payments difficulties, limitations of the internal market, lack of adequate public services, reduction in efficiency of indigenous personnel and consequent increased cost structure in the early stages, political associations of the directors involving a concern in non-economic difficulties, etc. which have made the flow of foreign capital less attractive for industrial development of the country.

In the light of these considerations, the invariable conclusion which can be drawn is that in our present system of international economic relations the prospects of an increased flow of capital, in either export surpluses, grant or loan form, or equity investment are not very optimistic. Nor are there any immediate hopes of an impressive improvement in near future. Although mutual goodwill, responsive co-operation and sympathetic understanding in the field of international economic relationship may achieve, to a great extent, a confident expectation of a steady and sizeable expansion of market, it is true to say, to quote the words of Lord Chandos, the Chairman of the Associated Electrical Industries, U.K., that "foreign capital is very shy having too many suitors. She is a fairly hard-headed young woman who prefers suitors with the largest dowry".⁴ In the last analysis, economic aid from overseas is no substitute, in the long run, for a stepping up of the rate of domestic capital formation, which ought to proceed simultaneously. Extra internal capital resources must, therefore, be found for the projects which aim at the development of national economy keeping in view the improvement of the human factor and the increase of the basic social capital.

(II) DOMESTIC CAPITAL

In order to provide a self-sustaining, self-generating and self-reliant base to the Indian economy, all possible efforts will have to be

4. *The Times of India*, January 25, 1960.

made to maximise the aggregate of surpluses available for investment. An increase in the ratio of capital formation to national income is of great importance. It is essential to maintain per capita incomes commensurate with the rate of population growth, to reduce unemployment and under-employment to the extent possible, to accelerate the rate of investment and incomes with a view to raising the necessary resources required for further development in the succeeding plan periods and, finally, to free the country from its extreme dependence on international markets.

The experience gained so far, however, indicates that the task of mobilising the resources required for the economic development has proved difficult mainly because of inadequate increase of savings and impecunious and impotent taxation in the economy as a proportion to national income.

(a) SAVINGS

Most of the savings of wealthier classes from their current incomes are being channelled into non-industrial operations such as the real estate purchase, domestic building, commerce, money-lending and speculation. These methods of disposals are mainly applied in search of individual profit or security and, therefore, can hardly be justified from community point of view. Indeed, many such transactions, representing no more than a redistribution of resources among existing owners, do not constitute anything that can correctly be described as 'investment'.

As for the poorer classes, such small sums as they may be able to save are often hoarded in the form of currency or used to purchase 'value-retaining' objects of gold and silver. For many, their investment is impossible, either because they are ignorant of the opportunities for it or because the necessary financial institutions have not been created. Thus for neither rich nor poor does the investment of savings in productive enterprise seem an attractive proposition. The main causes for low rate of saving may be summed up as follows :

(1) The pattern of economic behaviour, in India, has been closely identified with caste traditions and habits. For instance, risk-bearing has been traditionally the function of certain social groups of hereditary merchants, small traders and money-lenders such as Marwaris, Parsis and Gujratis—who tend to continue to make the forms of investment which they understand and which have proved profitable in the past.

(2) As a result of low purchasing power and comparative self-sufficiency of the masses the capacity of the internal market has been limited to absorb new supply of commodities.

(3) The low productivity of Indian labour enhances the cost of production to such an extent as to cancel out economies arising from its cheapness.

(4) Expectations of profit are further diminished by the absence of inadequacy of those basic services, such as transportation, communications, water supplies, drainage and sewerage facilities, electric power etc., enjoyed by productive undertakings in the more developed countries.

(5) The demands on the entrepreneur, such as technical innovation or adaptation, business promotion, capital provision, risk-bearing and business management, are much more complex necessitating him to venture forth on an uncharted sea and, therefore, requiring a combination of aptitude and ability which is rare.

(6) Because the entrepreneur, following the merchant and money-lender traditions in a search for quick profits, is under great temptation to engage in sharp practice; he, thereby, is looked upon with some suspicion by his compatriots and thus impairs the security of investment and causes both political and monetary instability.

(7) It is also unlikely that the release of private hoards will contribute much to capital formation in the near future. Firstly, they can not easily be requisitioned, because information about their whereabouts is scanty. Secondly, the number of savings institutions is incompatible to the requirements and their operation standards are very poor. Thirdly, the rate of illiteracy among masses in the country is one of the greatest obstacles to wean the masses from their habit of hoarding their savings or investing them in precious metals and to inculcate modern attitudes towards wealth and thrift in their own and their country's interest. And, finally, there is always the danger of serious inflation.

The net result is that "the task of mobilising the resources needed for the Second Plan has proved difficult, and that whatever view one might take regarding the past, inadequate response of resources to the growing needs of the economy is a problem which calls for careful and urgent consideration...It is evident that the step-up in investment that has taken place in recent years has depended largely on the use of foreign exchange reserves and on external assistance. Broadly speaking, while the rate of investment in the economy is now around 11 per cent, the rate of domestic saving is around or even a little below 8 per cent of national income."⁵

5. J.J. Anjaria, Chief Economic Adviser, Union Ministry of Finance, in his Presidential Address to the 42nd session of the All India Economic Conference, Dec. 30, 1959.

(b) TAXATION

Internal resources and a large part of the increase of the national income can be diverted into capital formation through taxation. Successful capital formation, through taxation, however, largely depends on the government's ability to soak the surplus and idle or misapplied resources of the wealthier members of the community. As the most lucrative revenue-raisers, increasing reliance has been placed on customs, excise and sales taxes so far, although the imposition of taxes on incomes, profits, property and luxuries are also considered as important fiscal weapons in the hands of Government, designed to establish a welfare state. Nevertheless, as the things stand today, in our fiscal administration the potentially most productive forms of taxation do not make the strongest appeal as a modern conception of social justice and as the measures for progressively stepping up the rate of economic growth. This may be accounted for three reasons.

In the first place, absence of a technically efficient tax-collecting machinery, staffed by uncorruptible persons of fairly high social status, has rendered the collection of taxes, both direct and indirect, wholly insufficient to be used as a major revenue-raising device. In its absence, the effect of an adequate collection of taxes has not yet been felt, specially by the wealthier classes as they have enough political power to block measures that they consider threats to their position. Moreover, the high exemption limits set out for tapping the resources of the 'middle-in-the-chain' people as well as those of the wealth groups have made the taxation policy largely unproductive.

Secondly, the willingness and ability of the Government to tax depends largely on the extent to which it is politically dominated by the vested interests. If it is dominated by the holders of large fortunes, agricultural or industrial, then the ways will be limited in which the taxation can be used as 'a lever of economic development'. Under such conditions, because of the inherent conflict between the economic growth and the financial interests of dominant groups in government, the tax-structure would only magnify the 'imbalance between demand and productive capacity' and would not reflect adequately the great increase in profits and other large incomes, and increase in wealth of the business and land-owning class.

Thirdly, the broad-basing of the tax-collecting machinery in order to bring more people in its net, in the present circumstances, would increase the cost of collection in greater proportion than the actual receipts. Neither is possible to make reasonably accurate predictions about marginal propensities to save and consume.

Moreover, a government of a socialistic complexion and placing major emphasis on 'mixed economy' may further complicate things

for itself by using taxes for redistributive as well as resource-mobilising purposes. On the one hand, it has a constitutional and moral obligation to meet the welfare requirements of the community as a whole by making provision for improved productivity, happiness and social justice, and, on the other hand, it may use taxation policy as an instrument to finance that part of the development process which falls in the government sphere and to mobilise for investment the private resources that might otherwise be dissipated. Thus the tax-policy faces a basic dilemma in its dual role as an instrument of capital formation for economic development and as a means for providing social welfare. While harmonising a mixed economy with rapid economic development it is not unlikely that the viability of the private enterprise might be threatened and the rate of returns which entrepreneurs can obtain or expect might not be sufficient both to satisfy all the needs of labour and to provide adequate resources for further investment. The only broad conclusion that can be drawn is that "whereas high taxes are necessary to produce the resources for those fundamental tasks of economic construction which private enterprise cannot or will not undertake, governments which wish to encourage private enterprise in other fields must endeavour, in imposing such taxes, to minimise their disincentive effects."⁶

Industrial development may, however, be stimulated by means of reduction of the normally applicable tax liability in the form of either an exemption from income tax on the amount reinvested or a concession in the tax rate or the tax base. But it must be remembered that the tax exemptions or concessions do not offer a long term solution to the contradiction which is at the heart of taxation policy, although they may do something, in the early stages of a developmental programme to enable the government to combine a high general rate of taxation with adequate incentives for the right kind of enterprise. In fact, special tax concessions to selected undertakings are desirable in certain circumstances in order to increase both incentives and accumulation of capital and simultaneously to direct it into the right channels. "But if these are used as a matter of a long-term policy, and if they are successful in promoting development, their effect is to exempt, wholly or partially, an increasingly important sector of economic life from contribution to government revenues. As it is within this sector that considerable capital-formation is taking place, the government will progressively lose control over the utilisation of national resources, with the result that, although manufacturing industry may for the time being flourish, basic services and the development of agricultural

6. A.H. Hanson, *Public Enterprise and Economic Development*, London, Routledge & Kegan Paul, 1959, p. 82.

productivity will be starved of funds. This imbalance, in its turn, will halt the progress of industrialisation, initially, perhaps, through its effect on the demand-pattern, as threatens to happen in Mexico.”⁷

In its present context of rapid economic development the effectiveness of a tax policy must be viewed in relation to bringing about an increase in investment in both public and private sector industries, discouraging speculative investments in unproductive activities and increasing the productivity of the various factors of production engaged in industrial advancement of the country. But the above discussion leads to an inevitable conclusion that due to the lack of an adequate fiscal machinery, low educational standards, the existence of a large non-monetary subsistence sector, the political influence of large vested interests and other aspects of the social and economic organisation, the tax measures not only have failed to reach the stage of effective implementation but the range and complexity of the tax structure has also become limited in its operation.

(III) POSSIBLE METHODS OF CAPITAL FORMATION IN THE PUBLIC SECTOR

In view of the insufficiency of voluntary savings and the inadequate compulsory savings resulting from the weak tax-collecting machinery, it is clear that the accumulation of capital is lagging behind the urgency and rapidity which are characteristic of economic development of India. In the context of public sector undertakings, it is, therefore, advisable that they should acquire self-sufficiency in relation to capital formation both from short-term and long-term points of view. In other words, a direct link should be established between the savings and the investment or development projects with a view to encouraging capital formation in the public sector industrial undertakings.

A state enterprise, particularly if it is clearly of a commercial or industrial character, requires an entirely separate and distinct financial basis, and to devise one suited to its specific needs, regardless of the ‘norms’ characteristic of entirely different branches of governmental activity. So far as internally-raised capital is concerned the rule, at present, is that it should come from budgetary funds as government grants, loans or share-participations, while other possible sources of capital, namely, public issues of shares or bonds and ‘ploughing back’ profits are ruled out as a source of original capital. It is only the budgetary funds which is usually a starter. This source of capital formation is generally a good one, specially when the circumstances or

7. *Ibid*, p. 78.

policy prevent the enterprise from financing itself through the issue of securities to the public. Nevertheless, the provision of budgetary funds as a source of capital formation does not suit the requirements of the capital structure of a state enterprise, specially of a commercial or industrial character as the budgetary funds are dependent for their realisation on the taxation policy of the government which can not be regarded as an ideal source of capital-accumulation for the reasons explained earlier.

One of the reasons why the state has to take initiative in capital formation is that it alone can afford to initiate and maintain projects which, although laying the essential foundations for economic advance, are either inherently unprofitable or insufficiently profitable to attract the interest of the private entrepreneur. Likewise, it may be necessary for the state to provide subsidies in support of an enterprise which, for the time being, can not operate otherwise than at a loss. Clearly, the government does not establish an enterprise to obtain a 'return' which can be regarded, by contemporary and local standards, as 'adequate' but to contribute a new and presumably necessary unit to the nation's economic equipment. The first requirement, therefore, is that the enterprise should be given the opportunity to establish itself, even at the expense, if necessary, of considerable initial financial losses. Although it is obviously desirable, and in the long run essential that as many public enterprises as possible should contribute to the state's financial resources, or alternatively make sufficient profits to finance their own planned expansion, the earning of a 'return', in the early days, is a secondary consideration. The financial relationships, therefore, between state enterprise and government have to be deliberately fitted to a given developmental perspective, while violating certain traditional economic criteria.

When the number of state enterprises is constantly growing day by day and some of them are operating successfully and are also planning their future expansion programme, it is necessary that the Government should re-orientate its approach to public sector undertakings in relation to the suitability of their capital structure. Generally speaking, the initiation, operation and expansion parts of the state undertakings should be linked together by a self-evolving capital structure, a result of their savings. In other words, the position of the state undertakings should be strengthened by associating them with suitable financial institutions capable of giving them the necessary assistance. The main function of such institutions should be to encourage productive activities and facilitate the circulation of assets by a credit procedure in conformity with the fundamental needs of the national

economy, and to centralise and co-ordinate investments placed by fiscal and semi-fiscal bodies.

A possible alternative to direct budgetary financing, therefore, is the creation of a state-owned Development Bank for the public sector, to make loans to state enterprises from (a) government-provided funds, (b) the profits of its operations such as the interest it receives on its advances, (c) the savings of the state enterprises, (resulting broadly by their ability to organise production at low cost and efficiency to sell at remunerative prices), deposited with it, and (d) the deposits that may be lodged with it by members of the public in the course of ordinary commercial banking business it may be authorised to conduct.

If the proposed Bank is not to remain a mere subsidiary agency 'providing a method of rather uncertain convenience for the channelling of a portion of the total capital funds made available by the Government through the state budget', then it must be a state enterprise in the full sense of the term; and the Government must retain sufficient control of the Bank's operations to ensure that its assistance is extended in accordance with planning priorities and that it confines itself to the financing of those enterprises that need loans as distinct from grants.

Another method to encourage productive savings is the association of the workers and also the public in the share capital of public sector undertakings. Workers in an undertaking and also the public should be encouraged to take some shares up to a certain monetary limit and with some restrictions on transfer of shares, etc. (The extent to which the public can be associated might be limited to 25 per cent of the share capital.) This would enable the undertaking to find capital for its operation and expansion programmes; it will mop up the additional earnings of the lower income groups and thus operate as an anti-inflationary measure; and it will enable the community to participate in the profits of a state enterprise or share its burden. State undertakings should also be allowed to issue ordinary bonds or debentures up to a certain financial limit with a view to inducing upper and middle class savers and savings institutions to make financial contributions towards economic development.

It is proper for state enterprises not to remain passive spectators waiting for capital to come forward from the budgetary allocations, but they should encourage savings by more positive measures in order to build their own capital structure. They should provide varied types of securities, which in respect of dates of maturity, ease of cashing, use as collateral for credit, rates of interest, capital appreciation, lottery features or in other ways would appeal to savers with differing

requirements. The device of a progressive rate of interest under which long term regular savers who do not withdraw their savings might be rewarded by a rising rate of interest according to the length of time savings are held on deposit. Savings can also be encouraged by publicity measures in order to strengthen the confidence of the population in the security of savings.

A particular method of promoting savings is to encourage saving for specific purposes or, generally, to link savings activities with specific individual desires and objectives. Such encouragement is provided through institutional devices such as building societies, when saving is closely linked to the provision of houses; industrial insurance schemes, under which regular small contributions are made for old age benefits, or payment of fixed sums in certain cases of need; co-operative savings societies or banks which are closely linked to the credit requirements of working community; contributory provident funds schemes; health service schemes; co-operative societies and, so on.

A lottery feature might be employed as an added inducement to encourage savings with the object of capital formation. Under this system "participants make regular contributions similar to deposits and in return receive a certain amount of money after a period of five or ten years, even if their bonds are not drawn in the lottery. If their bonds are drawn, they receive the total amount of money earlier, often far ahead of the normal time. The device appeals to the public because of the element of chance, and is a means of utilizing traditional habits for building up funds for development purposes."⁸ The element of chance should not, however, be extended to include the safety of the capital; prizes should be relatively small and confined to the interest component. Otherwise, lotteries might encourage in the public a desire to get something for nothing, an attitude not compatible with the requirements of economic development.⁹

It is possible to finance the development of specific local or regional enterprises by pooling of voluntary labour and other contributions in kind. In India, the experience indicates that public participation, through Bharat Sevak Samaj, labour co-operatives, construction societies, National Extension Blocks, etc. has brought about the establishment of dispensaries and schools, the improvement of roads, water supply and other useful work. There can be no doubt that the local bodies and other national organizations such as the Community Development can supplement the resources to a great extent, by special

8. *Domestic Finance of Economic Development*, New York, United Nations, 1950, p.19.

9. *Ibid.*

local labour and savings drives and also release the energies for creative purposes, provided, of course, concerted efforts are made and opportunities are created. "In addition to these individual efforts, community spare time work on capital formation can be of considerable value. The villagers, for example, can build their own roads, schools or wells, and can do much afforestation or soil conservation work for themselves. Such work needs to be organized by community leaders, and the government may also need to make some contribution, for example, to cover the cost of imported materials or of machinery. This work is valuable not only because it creates capital without reducing consumption, but also because it is a means of awakening the interest of what are sometimes rather stagnant communities. Development is a dynamic process. Any means of arousing the enthusiasm of the masses of the people and of stimulating them to want further improvement is strongly to be supported."¹⁰

Capital can also be created by employing the unemployed or under-employed or seasonally-unemployed to work for wages on public works. If idle resources in men and material were employed on productive activities, capital could be created without any fall in other output or in total consumption. In this connection the undertakings such as the National Small Industries Corporation (Private) Ltd. can play a useful role by contacting a number of large units with a view to promoting the ancillary units around large units as perpetual feeders of components and parts that could possibly be manufactured by small units at pre-determined prices. The Public Works Departments of the Governments and the various irrigation schemes can also provide employment opportunities on public works, and thus they would make it possible to increase capital formation rapidly, without cutting consumption and without inflation. "The Government could create money, and use it to pay the wages of people employed on public works. These wage earners could in turn spend some of their earnings on buying goods and services, and the additional purchasing power thus created would draw still more persons into employment. Thus the existence of unemployment would make possible a rapid simultaneous expansion of both consumption and investment."¹¹

(IV) PROFIT-MAKING BASIS OF STATE ENTERPRISES

Profits have an important place in capital accumulation. They mobilise resources and make them available to the concerns for purposes both of investment and maintenance expenditure. They

10. *Measures for the Economic Development*, etc., New York, United Nations, 1950, p. 40.

11. *Ibid.*, p. 41.

create capital, improve productivity and employ up-to-date techniques and thus lead to a decrease in the cost of production and, in turn, emerge into a surplus representing a measure of the firm's increase in productivity. Individual enterprises retain a large share of such surpluses, as they may create by an increase in productivity, because such surpluses increase individual incomes of those engaged in the enterprises and also give an opportunity to the enterprises to build up the financial resources required for their own independent investment policies. A growing body of opinion in India, therefore, realises that public sector undertakings should be run on profit-making basis. Government activities in profit-making fields would prevent private monopolies, enable the state undertakings to finance their own expansion and operation, provide profits to finance other activities carried on at a loss, serve as a yardstick for assessing the efficiency, tax-paying capacity and prices of both public and private enterprise, and finally, "put the public authorities in closer touch with economic realities and thus better enable them to control the process of development, formulate development programmes and improve economic policies generally." It has, therefore, been suggested that state enterprises must yield an economic price and must also find sufficient resources needed for meeting both the maintenance and investment expenditure of Government.¹² This involves a price and profit policy in regard to state enterprises in India.

(V) PRICING POLICY

The pricing or the rates-fixing policy of public sector undertakings involves two major questions : first, should there be a deliberate policy of rate-fixing or pricing to obtain either profits or losses? and, second, how should profits or losses be handled?

In industrially more advanced countries, where capitalistic pattern of society prevails, the principle has gained ground that, under competition, the public enterprise should have to justify its level of profitability on the basis of the degree of efficiency attained and satisfaction provided for the consumers. "In most cases... a public enterprise in a competitive field should aim at a normal rate of profit, on the basis of a price policy reflecting real costs. If, by reducing its costs and prices through improvements in its productive efficiency it can stimulate or compel its competitors to do the same, there will obviously be benefit all round."¹³ On the other hand, when a public enterprise, such as a 'public utility' concern, operates more or less

12. See V.K.R.V. Rao, "Note on Prices, Income, Wages and Profits in a Socialist Society", *Economic Review*, Vol. XI, No. 6-7, July 22, 1959, pp. 71-72.

13. A.H. Hanson, *op. cit.*, p. 435.

under monopolistic conditions, a deliberate profit-making does not indicate the degree of efficiency but renders the consumers' exploitation very easy. Moreover, extensive financing of the enterprise through the ploughing back of profits, arbitrarily compels the immediate consumer to pay for installations whose cost, as reflected in prices, ought to be spread over the entire duration of their productive utility. It is, therefore, essential that the enterprise should make neither profit nor loss after meeting all capital charges. In order to prevent over- or under-expansion of the industry in which the enterprise is operating, this requirement of covering costs is a necessity for the most efficient use of a community's resources. An expression to this effect is found in the 'Herbert' Report on the British Electricity Supply Industry in the following words :

"If a private undertaking manages an active competition or against potential competition to win large profits these profits are, so to speak, the prize of success. They belong to the undertaking and it is for those to whom the undertaking in turn belongs to decide... how they shall use their prize. The profits have been won in competition and their disposition is not a matter with which the customers have any concern. Any profit ploughed back because the directors consider it prudent to withhold a portion as capital for future expansion is virtually a compulsory investment of the shareholders' money. It is not a compulsory provision of future capital requirements by the consumers. The electricity supply industry, however, is neither privately owned nor operating in a fully competitive market. The demand for electric power is strong and rising and there is no rivalry over the same territory between competing undertakings... In such circumstances, to use price charged to the consumer as a device for raising capital for expansion is to impose compulsory saving on electricity users. To make present consumers subsidise in this way the capital requirements of future consumers would in our judgement be quite inequitable."¹⁴

At the other side of the coin, in its completely planned economy, the U.S.S.R. is tending to become soon a 'tax-free paradise' by earning revenues from state enterprises and from the profits on goods which are sold in State-run shops. All these state enterprises must show a profit, otherwise, the managers must look out. Some of this profit goes to social services such as housing for workers, some goes directly to the revenue. The Russian budget is in fact based on the large purchases or sales tax, as against the visible and direct taxation. The personal taxes, at the present time, play only a very small part in the

14. *Report of the Committee of Inquiry on the Electricity Supply Industry*, London, H.M.S.O., Cmd. 9672, 1956, p. 90.

overall income of the State there. "It is the director's duty", observes Alec Nove, "to fulfil the plan while minimising costs, and he is rewarded for doing this. A small percentage of the planned profits, and a larger share of over plan profits, is paid into a so-called 'enterprise fund', which the director can use to finance various amenities (housing, canteens, etc.) or to issue as special bonuses to his colleagues or outstanding workers. However, the director can not change the prices of his product or of the materials purchased by him from other enterprises. In many cases, he is tied to one disposals agency, which handles all the produces. Prices are (with minor exceptions) fixed by the State, and are printed and published in enormous schedules. Since these prices are generally related to average costs in the given industry it follows that many enterprises inevitably make losses. In such cases, there is a reward for achieving less than the 'planned loss'. Thus, the director's job is so to manoeuvre, in the operation of his plant, as to fulfil the plan with due regard to economy. However, his primary duty is to fulfil the plan and this takes priority over profit-making when the two aims conflict."¹⁵

In under-developed countries, the above arguments relating to both the capitalist and socialist sectors of the economy are largely irrelevant. In the first place, the fields where public enterprises have been mainly concentrated are generally free from the rule of "free competition". The State in under-developed countries, has not entered as a competitor to private enterprise, which is largely assisted by the State through various devices such as subsidies, tariffs, tax concessions, low-interest loans, technical assistance, etc., but its role has been defined in terms of supplementary-complementary relationship. The role of the State is mainly of initiating new schemes and fostering of new enterprises; and if it decides to enter a field already partly occupied by private businesses, it does so either because it has reached the conclusion that they constitute obstacles to economic advance and ought to be pushed out of the way or because they are unable to satisfy total demand actual or potential, therefore need to be supplemented. Under these circumstances, the concept of market mechanism based on free competition can not be made applicable to a policy of profit-making. As such the level of profits neither depends on competitive pressures nor provides a reliable measure of efficiency. "It will depend on the relationship between the unit price that permits full utilization of the factors of production and the corresponding unit cost; and the justification for profit-making is simply that it constitutes a direct and convenient method of contributing towards national capital-formation."¹⁶

15. "The Director in Soviet Industry", *Commerce*, Vol. xcix, No. 2522, 25th July, 1959, p. 142.

16. A.H. Hanson, *op. cit.*, p. 436.

Similar considerations effect the profit-making of those enterprises enjoying a *de facto* or *de jure* monopoly. If they make no profits, the benefit is passed to the consumers of their products through lower prices. This may be to the national advantage in certain circumstances but there are other impelling considerations to be borne in mind. If the state enterprise makes no profits, it can not finance its own expansion. As it is not permitted to raise money by issuing securities to the public, it must, therefore, depend upon the government for the whole of its capital requirements. The latter, in its turn, will have to raise the necessary funds by increasing taxation, which may be difficult, or by inducing inflation, which is always dangerous. Moreover, even if capital can be raised from the public, it is not necessarily desirable to have recourse to this method, the effect of which may be to redistribute income in favour of the wealthier members of the community. Admittedly, if the enterprise makes profits and uses them for self-financing, or if the State mops them up and invests them elsewhere, it is the consumer who pays, and there is undoubtedly some inequity. But it is also the consumer who, in the long run, pays for loan financing and ultimately pays more. Apart from this, and much more important, it may be desirable from the point of view of planned, coherent economic development, not to pass on the benefit, in the form of low prices to the consumer; for the individual consumer is not inevitably induced thereby to save more and the industrial consumer will not necessarily use the resultant higher profits of his enterprise to the best national advantage. It is possible, of course, to recover a portion of the surplus through taxation, but the snags in this round-about method of public capital-formation are many. To give people income and then remove it by taxation, inflation or appeals to thrift is an inefficient and self-limiting procedure. Professor Arthur Lewis has rightly said that "it is folly to keep prices down in the nationalised industries, thereby raise private sector profits and then to have to borrow these profits to finance investment in the nationalised industries."¹⁷

The Russian formula of price- or rate-fixing policy is also not fully suitable in under-developed countries if the fundamental differences between a fully collectivised economy and a 'mixed economy' are kept into mind. In a mixed economy, "the government can not fix all prices at levels calculated and pre-determined by a Gosplan, because it possesses neither a planning agency capable of performing such an exercise nor the sole right of taking and enforcing economic decisions. 'The market', therefore, will constitute part of the data

17. Arthur Lewis, "Public and Private Savings", *Socialist Commentary*, Sept. 1956, International Publishing Co., London.

which the planner has to take into account, and the planning process, while doubtless involving *some* price-fixing, will probably make much greater use of measures intended to *influence* the price level. Hence even the determination of the prices to be charged by public enterprises will be conditioned by the unplanned or imperfectly-regulated behaviour of other parts of the economy."¹⁸

The sum total of the above discussion is that in under-developed countries where taxing powers and machinery are weak and emphasis is on state investment as a means of economic development, a price policy calculated to fetch profits by some State enterprises will be both desirable and necessary, and also the State must become increasingly self-reliant on its own resources through the accumulation made possible by state enterprises, as distinguished from taxing the personal incomes of its citizens. In other words, the state enterprises must be carried on on a profit-making basis not only in the sense that they must yield an economic price, which would cover the cost of the production of a commodity including an allowance for replacement plus a normal profit that would include an allowance for expansion or capital formation and an allowance for maintenance and non-investment activities of the State; they must also get for the community sufficient resources for financing a part of the investment and maintenance expenditure of the Government. It is in the light of this viewpoint that a suitable price and profit policy for public sector undertakings in India is to be devised for.

In India, barring a few public utility undertakings such as Railways and Posts and Telegraphs, etc., the whole of the economic field was almost a monopoly of private enterprise until attainment of the freedom. Naturally, the non-tax revenue from state enterprises was insignificant, although a small contribution to national exchequer was made by railways and posts and telegraphs. It is only recently that a significant role has been assigned to public sector in the development of national economy. Even then, before the institution of the Second Five Year Plan, State participation in industry and commerce had not been regarded so much with a view to make profits to earn revenue as for other non-fiscal purposes such as the undertaking of utilitarian activities like the railways, the setting up of basic industries of national importance as steel and fertilizers, the establishment of capital goods industries which are less attractive to private enterprise and the initiation of pioneering enterprise to induce private enterprise in new fields of industry. Effective control on price and cost of living and diversion of distributive trade to Government through state trading in

18. A.H. Hanson, *op. cit.*, p. 438.

selected commodities at the whole sale level were, therefore, powerful instruments for mobilizing fully the available resources and their allocation so as to secure optimum results. It was held that "in the public sector, the direction of investment need not always and necessarily be guided by the profit-and-loss calculus. Nevertheless the relation between costs and returns even in the public sector has to be judged, at least as a first approximation, in terms of market prices. It follows that the maintenance of a structure of prices which brings about an allocation of resources in conformity with the targets defined in the Plan must be consistent aim of economic policy."¹⁹ It was, therefore, natural for the public sector to follow the rules of marginalism, or the doctrine of recovering the total cost or the concept of no-profit-no-loss or to place the principle of social cost above every other principle. It was considered appropriate that "if the corporation makes a profit or loss it should be required so to adjust its prices as to eliminate the profit or loss." Therefore, "the general pricing policy should be to fix such a price for the product as to enable the enterprise to 'break even' over a period of years or 'taking one year with another' as is sometimes stated. In other words, taking several years together the enterprise should make neither loss nor profit."²⁰

But with the growth of public sector and the financial requirements of the Second Plan with a view to taking "a major stride forward in the direction of industrialisation so as to prepare the ground for more rapid advance in plan periods to come" have shifted the emphasis on the determination of prices in public sector industries. It has been recognized that "taxation has its limits, and this means in turn that it has to be supplemented by institutional arrangements which bring directly into the public exchequer the surpluses which accrue from the sale of goods and services to the public. It is through devices of this type, that is through appropriate pricing policies in respect of the products of public enterprises and through state trading or fiscal monopolies in selected lines that some of the under-developed countries with levels of living not much higher than those in India are raising the resources required for their developmental effort."²¹ It has, therefore, been expected that "public enterprises will augment the revenues of the State and provide resources for further development in fresh fields;" although "such enterprises may sometimes incur losses."²²

But in actual practice, the various state undertakings are, at present, run not for profit but for use. Railways do not aim at

19. *First Five Year Plan*, Planning Commission, Government of India, 1952, p.36.

20. A.D. Gorwala, *Report on the Efficient Conduct of State Enterprises*, Planning Commission, Government of India, 1951, p.27.

21. *Second Five Year Plan*, op. cit., p. 91.

22. *Industrial Policy Resolution*, Government of India, 1956, para 18.

maximising profits, although they emphasise on the principle of "what the traffic would bear" and on charging "reasonable rates and fares". Their main responsibility is to provide transport at the cheapest rates to the public, while maintaining their financial solvency and providing means for their development. Similarly, the price of Sindri fertilizers, etc., is governed by considerations of costs and foreign price and also the purchasing power of consumers. Salt products of state undertakings are sold at "no-profit-no-loss" basis without even recovering the interest on capital. The State is meeting losses while selling ships produced at Hindustan Shipyard. Except Punjab and U.P., the States generally recover enough to cover all expenses of general transmission and distribution of electricity including expenses of operation and maintenance as also interest and depreciation charges. Road transport undertakings in the various States follow the principle of recovering the cost but small margin of profit also accrues to many of the State Governments. Some of the State Governments, for example, Mysore and Kerala, fix charges on commercial lines for their individual concerns taking into account the current market prices of similar products. Thus pricing policy, earning of profits and the utilization of such profits have not received the close attention so far at the hands of the authorities responsible for running and administering the state undertakings in India.

If the state enterprises constitute the "lead sector" intended to prime the pump of industrial advancement during the successive plan periods, clearly they cannot afford to function in the haphazard way and with diverse motives merely to achieve the objects set out in their memoranda or the governing Acts but they will also have to conform to the larger social and economic objectives and purposes before the country as a part of public policy. In a planned economy aiming to establish a socialistic pattern of society, a good business management is seldom completely independent of the larger social objectives. The price policies pursued by state enterprises, therefore, need to be directed by the Government towards the fulfilment of certain primary economic aims; viz. (a) improvement in the distribution of income by laying greater emphasis on wages rather than profit; (b) self-reliance in the initiation of new projects and also the operation, expansion and financing of existing projects; (c) securing of improved inter-industrial distribution of resources; (d) stimulation of market demand or restriction of consumption; (e) providing a stimulus to the growth of private industry; (f) reduction of economic irregularities among consumers; (g) maximisation of employment opportunities; (h) the maximum utilization of the existing stock of capital; (i) provision of the strongest possible incentives to efficiency; and (j) accumulation at the projected rate.

Keeping in view the above objectives while fixing prices and profits of public sector products and emphasising that state undertakings should not only pay their way but make legitimate profits, a variety of considerations should be borne in mind; namely, (i) the general market price; (ii) the question as to what part of the economy in cost should be passed on to the consumer and what portion to the tax-payer; (iii) the likelihood of non-availables and, therefore, scarcities in the near future; and (iv) the principle of what the traffic can bear.

Many state undertakings such as public utilities, harbours, electricity, urban water supplies, irrigation, tele-communications, etc., perform essential public services. To them social welfare is more important rather than the costs of production. They are pre-requisites of economic growth and social advancement. In such cases prices charged can not in all cases cover the entire costs of production and in order to cover the loss they require subsidisation or discrimination or special developmental rates frequently for long period of development. But before granting any such concession to any particular enterprise, a close scrutiny of the various items of expenses and an independent audit and also the testing of inevitability, desirability and essentiality of such concessions are absolutely necessary. It should also be made clear to the management concerned that such concessions are available for a limited number of years and subject to very specific conditions. The management must be made to realise that it would have to operate on business principles and one of its main responsibilities is to earn revenues as soon as possible, consistent, of course, with the efficiency of its operation and its ability to organise ample production at low cost and sell at remunerative prices.

Obviously, the prime aim of public sector undertakings should be to plan their way out of reliance on uncertain and exiguous sources of savings. They should accumulate a surplus in order to make it available either for their own expansion or elsewhere. They must assume responsibility for both the technical side of their own growth and improvement and also for getting the requisite resources. Therefore, "the share of the profits of public enterprises in financing the investment and maintenance expenditure of the Government must keep on increasing. It is not only the expenditure on the public sector as such that will indicate the march of the economy towards its socialist goal. Even more important is the increasing role that the public sector must play for finding the resources needed for meeting both the maintenance and investment expenditure of the Government. This involves a price and profit policy in regard to enterprises which goes against the hitherto accepted opinion. The theory of 'no-profit-no-loss'

in the public enterprise is particularly inconsistent with a socialist economy and if pursued in a mixed economy it will hamper the evolution of the mixed economy to a socialist society."²³

The second question, intimately related to the pricing or rate-fixing policy, is how should profits or losses be handled?

As the original source of capital for various state enterprises is provided by government grants, loans or share-participations, obviously Government has the first claim over the profits or losses of public sector undertakings. Therefore, where profits or losses are part of price policy, they should be credited to government revenue periodically, or charged to the government budget, which is subject to approval by the legislature.

The decisions on price policy as to whether and to what extent an enterprise is to operate on a profit, loss or cost basis, should be taken at the Executive and Legislative levels rather than being made by internal management. The autonomy in matters of price policy to a state enterprise is largely irrelevant for under-developed countries as it is only the competitive enterprises which are in practice permitted to fix their own rates and charges in response to market conditions. Even then, in many cases they are liable to have their decisions modified or amended by governmental direction. Every effort, therefore, should be made that decisions are not made unilaterally by the enterprise, but multilaterally in the light of other aspects of the government's economic programme.

In certain quarters, it has been suggested that "charges should be subject to the approval of a high-powered body (call it the Price-Fixing Commission or the Rates Tribunal) similar to the Indian Tariff Commission which might consider the question from a comprehensive point of view taking into account consumer interests as a whole, group interests wherever required, size of investment required for expansion, amounts to be kept as reserves or to be paid as interest on borrowings, and the general interests of the private industry."²⁴ In this connection it is sufficient to say that an impartial price commission or tribunal may be well suited where the dispensing of even-handed justice between producer and consumer is required. It is of no use where a policy effecting an aspect of economic planning is to be decided. Policy can not be decided by the process of weighing the arguments and counter-arguments presented by a variety of interested parties. While indicating the limits within which administrative tribunals can effectively operate,

23. V.K.R.V. Rao, "Note on Prices, Income, Wages and Profits in a Socialist Society", *The Times of India*, May 19, 1959.

24. S.L. Sharma, "Pricing Policy of State Undertakings", *The Indian Journal of Commerce*, No. 38, Vol. XI, Part I, March 1958, p. 56.

Professor Robson has said : "All the tribunal can do, whether it be a court of law or a government department or an independent commission, is either to apply the rule, to interpret a doctrine, to arrive at a 'fair' decision or to approach as near to 'fairness' as is possible. But in our present economic order a quantitative manifestation of fairness does not exist. There is no such thing known to economic science as a fair price, a fair wage, a fair day's work, or a fair rate of profit. Value, wages, rent, interest and profits are not determined by any question of fairness but by the operation of a series of complex forces based on self-interest and the assumed desire of each person to get as much as possible for his services or his property. Any attempt to settle economic controversies by reference to a hypothetical and non-existent basis of 'fairness' by means of administrative tribunals is almost certain to end in disaster."²⁵ In the last resort, the responsibility in connection with the price policy rests with the government. Government can not be compelled to take instructions from an outside body, without responsibility to Parliament and without financial obligations. It would be fatal if the structure of state enterprises were to be tampered with by a body having no responsibility for policy or the determination of revenue of the enterprise.

This is, however, not to suggest that specialised bodies like the rates tribunal or the price commission, to enquire into the price policies and to make suitable recommendations, are not necessary. Such bodies can render valuable service to the government by giving an independent and expert advice after taking into consideration all views and expressions on the matter and also can prevent the government from taking hasty or arbitrary decisions on pricing policy matters. They can be more useful in their advisory capacity rather than their judicial-type basis.

Although the responsibility of the government in price-fixing is inescapable, the conclusion may not be drawn that the enterprise itself has no part to play in the determination of price policy. As a matter of fact, such a policy cannot be imposed from above; it has to emerge from consideration of the facts, and the most important of those facts are the costing data and the market forecasts produced by the enterprise itself. The job of the Minister, on the availability of independent and expert advice, is to approve or modify or reject the proposals made by the enterprise and the advisory body and also to specify his reasons for doing so.

During the period of continued construction great stress has been laid on various operating departments, such as Civil Engineering,

25. W.A. Robson, *Justice and Administrative Law*, London, Stevens, 1948, pp. 482-3.

Mechanical Engineering, etc., which are the spending agencies, while the normal functions of the commercial department or revenue earning department seem to be lost sight of. With the increasing expansion of the public sector, a stage is bound to come, when state enterprises will succeed in increasing their capacity to produce goods or services, until the supply exceeds the demand. When this stage is reached, the sales departments of the undertakings will assume greater importance than at present, as they will be required to zealously watch the earnings of the undertakings and take steps to increase the same by creating new markets for the surplus goods or services available. Thus the collection of costing data and making market forecasts will be an essential function of state enterprises to determine the correct pricing policy. In order that they may not be found napping, when this stage is reached, the sales department of each enterprise should be manned and strengthened by persons possessing (a) an aptitude to appreciate the commercial implications of the various measures taken to raise the revenues; (b) an even and pleasant temperament, which is needed in their dealings with the public, as their work brings them in constant touch with them; and (c) the ability to understand the market conditions of commodities and also trade requirements. Their interest should cover a wide field of knowledge of economic activities generally, particularly methods of production, distribution, trade and statistical interpretation of market conditions. They should possess an expert knowledge of fixing the price, which must be satisfactory both to the undertaking and the consumers alike. It must be satisfactory to the undertaking, in that, it must yield sufficient revenues to cover expenses and to provide a profit; it must also be satisfactory to the consumers and the public at large, in that, it must enable them to obtain goods or services at reasonable prices.

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II. COMMENTS

by

H. K. Paranjape

The main point underlying the various suggestions made in Shri R.K. Jain's essay entitled 'Capital Formation in State Enterprises in India' seems to be to reduce the dependence of state enterprises on Government budgetary resources for their financial requirements—for initial capital, for expansion or for short-term needs. His principal suggestions can be listed as below:

- (1) the creation of a State-owned Development Bank for the public sector to make loans to state enterprises;

- (2) association of the workers and also the public in the share capital of public sector undertakings; and
- (3) a price and profit policy for State enterprises which will enable them to accumulate a surplus which could be available either for their own expansion or elsewhere.

As regards the first suggestion, Shri Jain does not make it clear whether the proposed institution is to make loans for long term or for short term or for both. The funds for the Bank are to be obtained from the following sources : (a) government provided funds, (b) the profits of its operations such as the interest it receives on its advances, (c) the savings of the state enterprises, deposited with it, and (d) public deposits. It is mentioned that the Bank is to be authorised to conduct ordinary commercial banking business.

The extent of the autonomy to be enjoyed by the Bank is not quite clear. While it is said that it should not be a mere subsidiary, it is also indicated that Government must retain sufficient control of its operations to ensure that its assistance is extended in accordance with planning priorities. If this is to be so, what special benefits could be obtained from having a new institution of this type? If the Bank is to be authorised to carry on ordinary commercial business, in what way will it be different from the State Bank of India? The latter's services are already available to state enterprises and are being used by them for their short-term needs of finance. If the proposed Bank is to provide long-term loans to state enterprises for expansion schemes etc., would there be any special advantage in this being done through a special institution like this instead of directly by Government, either by way of share capital or by way of loans? It may be noted in this connection that recently, even in a country like the U.K, where the autonomy of state enterprises used to be vehemently emphasised, it has been decided that the fixed capital requirements of the nationalised industries would be met by borrowings from the Government. This was expected to provide greater technical control as against the previous system under which the industries borrowed temporarily from the banks and also raised loans on the market with Government approval and guarantee. Even if it is thought that it is better to provide long-term loans through a special agency, we already have the Industrial Finance Corporation of India which could be utilised for this purpose. If the purpose is to pool together the funds that can be spared by various state enterprises for some years, and make them available to those who need it immediately, surely this can be done through direct inter-enterprise loans, on Government authority and guarantee. Of course it is highly problematical whether any enterprise will accumulate large funds which it can spare over a long period; and it would

be further questionable whether an enterprise should be permitted in the public sector to build up large funds which it does not want to utilise for many years. The proper course would be for Government to take away the profits which provide the base for such funds or alternatively not permit such profits to be made and enforce a price cut.

One possible use of such a Bank could be to exercise a check on the operational efficiency of an enterprise. In the sellers' market that we are bound to have for many years to come, and the monopolistic position of state enterprises, the normal interest charges levied by the State Bank (and other commercial banks) on the advances made to enterprises may not provide enough of a deterrent on unnecessary building up of stocks of raw materials, or inefficient marketing arrangements which may lead to accumulation of stocks of finished products. With the constant scarcity of capital that we are bound to face, any such unproductive locking up of capital is harmful and needs to be seriously discouraged. This principle is well recognised in communist economies. There a certain amount of short-term credit for meeting the normal requirements of an industrial unit is made available from the concerned bank at a reasonably low rate. But any credit over and above that limit is available only at rapidly rising rates which penalises management very effectively for a wasteful and inefficient use of resources; and management will be hauled up both by higher state organs and, as in Yugoslavia, by the workers' council to explain why this has happened. So a special use can be found for a Banking institution for state enterprises. But whether in a mixed economy like India's such an institution could be very effective is a problem which requires further examination.

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Regarding the suggestion that workers and the public should be associated in the share capital of public sector undertakings, Shri Jain has not made it clear as to the manner in which the workers in an undertaking are to be encouraged to take some shares. If the purpose of workers' shareholding is not merely to obtain some capital for the undertaking but also to ensure some closer association of workers with the management of the undertakings, it will be a departure from the approach to state enterprises that, following the British example, has been accepted in India; viz., that there should be no representation of different interests, like consumers, workers etc., on the managing board. Whether this would be a useful departure from present practice, and what its implications on the management structure will be will have to be more thoroughly examined. One possibility is that the workers may be given a part of their profit bonus in the form of special shares

and thus capital obtained for the enterprise and also a closer and deeper interest created among the workers about the success of the enterprise.

The suggestion that up to 25% of shares may be sold to the general public has been supported on the ground that it will enable the undertaking to obtain capital more easily, it will mop up additional earnings of the lower income groups and thus act as an anti-inflationary measure and it will enable the community to participate in the profits of a state enterprise or to share the burden of its losses. (This last argument partially contradicts the point made later on that state enterprises should be looked upon as an important source of capital accumulation for national plans. But this may be ignored for the present.) Regarding availability of capital, the question is, would this method make available to Government finances which it would not otherwise secure through its normal borrowing programme?

It is now generally known that a new class of small investors is making its appearance in India—not from 'low income groups' as Shri Jain thinks, but from the upper middle groups. This class did not invest much in equities formerly, but with the continuous process of inflation that has continued for about two decades and is expected further to continue, and also because of greater awareness of the possible benefits from investment in equities, this class is going in more and more for equities. It would invest in shares of Government companies if they were found to satisfy the criteria by which good shares are judged, viz. (1) expectation of a steady return on investment and (2) good prospects of capital appreciation. Shares of Government companies may generally be expected to involve less risk than those of good non-Government companies, as the Government is bound to see to it, in its own interest, that the concern does not go bankrupt; and hardly is there any possibility of a concern of the type to which Government companies belong not doing well. If the Government, which will remain the majority shareholder, can be expected to permit the companies to distribute profits at a fairly high rate after the initial period of difficulties is over, and if it can be expected that dividends will keep pace with the increase in the real capital investment of the concerns, then these shares may well become attractive for investors. With a sellers' market continuing for a long time, as it will be especially in regard to products that Government companies will be producing, the companies can make handsome profits even if profiteering is not permitted. Experience up to now indicates that the finances of the companies will be prudently managed, there will be considerable ploughing back of profits and depreciation and other reserves will be adequately maintained. But whether this will lead to higher dividends later on will depend on Government policy; and whether some really

worthwhile contribution by way of additional finance is obtained by Government through the pursuit of this method will depend on popular expectations about future policy. It could be that a Government announcement that the intention is to pursue a policy of adequate dividend distribution would bring in large contributions by way of share capital. Outside participation in the share capital of these concerns may also incidentally help emphasise the special semi-autonomous position of these enterprises and also perhaps help to reduce the widespread feeling (not always justified) of a veil of secrecy surrounding these enterprises. Any shareholder could attend the annual meetings of the company and question the management about various aspects of its functioning. This will have a useful psychological effect though probably, in practice, this will not, by itself, make much more information available about these companies.

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The suggestion that State enterprises should pursue a price and profit policy which will enable them to make a substantial contribution to capital accumulation has been endorsed by a number of authorities, as indicated by the quotations given by Shri Jain. While in theory, the suggestion is commendable, the practical difficulty is that, confined as the public sector in India would be, under the present industrial policy of Government, to certain types of industries only, and especially to basic industries, the possibility of pursuing a deliberate policy of making large profits is not likely to be great. While a reasonable margin of profit can be allowed even in industries like coal, steel, fertilisers, antibiotics, insecticides, cables, locomotives and telephone equipment, no policy which will raise the prices of these much above the cost is likely to commend itself, in the light of the impact of these prices on economic growth. Only in the case of service enterprises like railways (especially passenger services), air corporations, bus transport, banking and hotels could the profit motive be especially emphasised. If the public sector is to be used as an effective instrument of savings and capital accumulation, the nature of the public sector will have to be changed; more and more of consumer goods industries, especially those producing non-essential goods, and trade will have to be brought under the public sector; because it is in these sectors that profit making can be carried further and further without upsetting other important objectives of economic policy. Actually, raising prices of these commodities and services and using the surplus for accumulation will help planned development. Of course, the decision whether the Government should change its policy so as to take up more and more of such enterprises in the public sector cannot be decided on financial considerations alone. Considerations like

available managerial personnel, the capacity of the administrative machinery to effectively control the large number of enterprises of these types and the desirability of significantly and rapidly changing the composition or the mixture of private and public enterprise in our mixed economy—all these will be important. Moreover, the objective of obtaining finance for development could also be achieved with a certain degree of success by the intensive use of indirect taxation without bringing these enterprises in the public sector. All this raises further issues which need not be pursued here; but it needs to be emphasised that with the nature of the public sector as it is today in India, the possibility of using it as an instrument of capital accumulation is bound to be very limited.

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III: COMMENTS

by

Parmanand Prasad

Capital formation is a process at work and depends upon complex techno-economic relationships in their relevant time dimensions. A down-to-earth treatment requires a particularised and quantified approach. Unfortunately there is not much evidence of this in Shri Jain's article. This invests this otherwise good and knowledgeable presentation of the subject with an aura of unreality. Even if a few specific instances of state enterprises in India were taken up for a closer view, it would have spelled a tremendous qualitative difference and the author would have happily escaped mixing up the discussion with issues which, although not entirely irrelevant, are a little removed from the main topic, namely, "Capital Formation in State Enterprises in India".

There is some discussion about price policy and the method of financing state enterprises in India. The author will find most people in sympathy with his plea for orienting the price and profit policy of our state enterprises to the pressing needs of a growing economy. But again the trouble here is that what he has said is a mere statement of generality with which it is easy both to agree and disagree without much fear of inconsistency. The real questions which should have (to illustrate only a few) been put are : (a) how to get the surplus?; (b) which industries should be required to yield how much?; and (c) what should be the relative role of the management and the Government in this respect? Must these enterprises be treated as milch cows to cover Government deficits or must they be allowed a certain percentage of surplus earned to be retained by them? One

cannot obviously advocate a rule of thumb in this respect and ask Government either to issue directives for a fixed rate of return without consideration of other issues involved or to follow the good old practice of 'break even'. Perhaps, from time to time, an industry-to-industry investigation may be needed in all its techno-economic aspects. A blanket rule to cover all types of industries is clearly out of question. In any such consideration, the relationship of efficient performance and the conditions required for such functioning must be given priority of attention. A deliberate surplus-laden price policy, it may be noted, may conceal a real danger. Both management and Government may try to go the easy way not only up to the point of blotting up all consumers' surpluses, which may perhaps be justified under certain circumstances, but, taking advantage of the monopoly position, even attempt to disregard all the "commandments" of the science of economics.

Shri Jain has raised the issue of inviting private capital for the public sector. A lot more is involved in the issue than he has tried to indicate in his article. A mixed enterprise may be understood as any domestic combination between public and private sectors for running an enterprise. What is crucial to the concept is that there must be ownership of capital stock in the enterprise of both the sectors. Experience shows that a truly mixed enterprise can exist only when there is, more or less, equality in stock ownership. In such a case, the two sectors balance each other more evenly than could be the case otherwise. If one party dominated over the other in both stock ownership and directoral representation, the concern would become less truly mixed. In fact, there are mixed enterprises having a series of gradations depending upon relative ascendancy in ownership and control exercised over them. Ownership of capital may vary from as insignificant an amount as 4% to 99% on either side. There are cases, where even though Government equity capital is there, directoral nomination by the State is absent. But they should not be regarded as mixed enterprises. Such enterprises are private undertakings. Similarly, if private equity capital is there, but directoral representation for this sector is nil, the enterprise will resemble a public concern. Again the same or nearly the same situation will reappear if ownership of equity capital or exercise of control of one over the other party is minimal. It is thus clear from the above that the two tests mentioned above must hold good, *i.e.*, the test of ownership and the test of control.

It is not essential here to go into the reasons in any great detail of the growth of such enterprises in the various countries of the world. In some cases, they are the legacies of the last two world wars. Some

private enterprises which were being administered by the State have continued to function as public concerns for a variety of reasons. There may be other reasons too. In other cases, they are products of the convergence of the interests of the public and the private sector. They may come into being due to a deliberate State policy to woo private capital into new fields. In such cases when the infant industry argument no longer holds good, these enterprises are often handed over to the private sector. Such enterprises may also come into existence in order to create confidence in the private sector. All these motives may be present singly or in pairs.

The value which one should attach to these institutions will depend partly on social aims held by the party in power and partly on the objective economic situation obtaining at any particular moment of time in a country's history. It will appear therefore that mixed enterprises have no value in themselves. Devoid of context an attitude of downright prejudice for or against them would be unjustified.

In India the case for the participation of private capital in public enterprises was first raised in June 1955 by the Estimates Committee.¹ The Estimates Committee recommended that in Government "joint stock companies at least 25% of the total capital investment must be available for the public." They advocated such a participation in order to "ensure active public interest and cooperation in their management." The Committee took care to suggest further that "while inviting private capital Government should, in order to avoid individual or group monopolies and other abuses of the kind, fix a ceiling for individual holding of shares as also on any dividends that might be declared by such undertakings." The recommendations of the Committee remained under the consideration of the Government for over two years. The reply of the Government was sent in March 1957.² The Government regretted its inability to accept the recommendation in the following words :

"The Recommendation is too general in nature. There can be no objection to a minority participation in the share capital by the public, but for a variety of reasons there would not exist in most cases any attraction for the public itself to participate. The dividend policy of Government should be the most relevant consideration from the point of view of a private investor. In certain types of undertakings, for reasons of public policy, as

1. Estimates Committee (First Lok Sabha), *16th Report*, pp. 2-3, para 6.

2. Ministry of Finance, Department of Economic Affairs O.M. No. F20 (79)-P55 dated 13th March, 1957, quoted in Chapter IV, pp. 16-17, *19th Report*, Estimates Committee. (Second Lok Sabha).

for instance, in regard to the Sindri Fertilizers, it would be difficult to justify a high profits earning policy. In other cases where monopoly may permit the State Undertakings to earn large profits, it would be difficult to justify sharing the high profits with a private group of people. Public participation in the share capital of the state undertakings relating to the defence of the country such as the Hindustan Aircrafts Limited, and Bharat Electronics Limited ought to be ruled out for various security reasons.

It follows that it would be necessary to consider each case on its merits as and when occasion arises. But experience so far points distinctly to the conclusion that the private investor will not be interested in investing in a state enterprise. The general policy enunciated in paras 7, 8 and 9 of the Industrial Policy Resolution of April 1956, will also have to be borne in mind while considering this suggestion."

The Estimates Committee expressed itself again in favour of the proposal adding that the "Committee felt more convinced than ever about the soundness" of its recommendations.³ Three years after, in March 1960, the matter was revived in the Planning Commission and a Study Group of senior officers headed by Shri D.L. Mazumdar, I.C.S., went into the pros and cons of the matter. It reported to the Planning Commission and the Government in October 1960. The report is a secret document and therefore it is difficult to comment on it except with reference to such verbatim portions as appeared in the *Capital* of the 3rd November, 1960. The Krishna Menon Committee also casually went into this issue and reported in its favour under certain circumstances. The main recommendations of the Study Group are reported to be as follows :

- (1) The public should be invited to participate in the equity capital of the Government companies up to the extent of 20 to 25% of Government capital.
- (2) The private sector should get proportionate representation.
- (3) The experiment could begin with Sindri Fertilizers and Chemicals Limited, Hindustan Machine Tools Limited; and a few others like road transport.
- (4) Defence and monopoly industries should remain the close preserve of the Government sector.

3. Estimates Committee, (Second Lok Sabha), 19th Report, Chapter I; also see *Parliamentary Supervision Over State Undertakings*, Report of a Sub-Committee of the Congress Parliamentary Party in the Lok Sabha, 1959, pp. 34-35, paras 99-101.

- (5) Suitable changes should be made in the existing law to give effect to the above recommendations.

The grounds on which the Group recommended the above were :
(a) the need to attract capital, (b) to encourage public participation and (c) to attract talent.

It is neither the right place nor fair to enter into any detailed discussion of this report. But, in passing, it may be remarked that in order to make Government change its original stand in the matter, the advantages flowing from such a participation would have to outbalance the advantages of its absence. The opening up 25% of the shares of three enterprises or so would neither lead to any significant capital gain for Government nor would it attract the so-called "floating" entrepreneurial talent of the country. Such a token participation in equity and through it on the directorate may however lead to fruitful association of experience and a gradual unfreezing of the rigidities of bureaucratic procedures from which, willynilly, Government management through civil servants cannot easily escape. It may also lead to the advantage of creating a sense of security in the minds of the private sector. The private sector, it may be noted, is not interested merely in being tolerated but in being accepted in the comity of enterprises. After having said all this, it needs to be noted that such a plea should not be extended to establish mixed enterprises in the competitive ventures.

This will be a highly retrograde step; firstly, because it is neither needed, nor urgent; and secondly, it will open the doors for the inflow of many unprincipled and indefensible influences from the private sector. If it is argued that the private sector requires a sense of security, it can be countered by saying that public enterprises also require security as spearheads of the socialistic pattern of society. There are other valid reasons also in defence of this view.⁴

Mixed enterprises through labour ownership of capital is a very fruitful avenue. Labour participation in equity capital has begun to take place in both private and public enterprises in many countries of the world. The motives for inviting labour to purchase equity are mainly: (a) to encourage industrial peace by making labour partners in the capital of the business, and (b) to prevent the savings of labourers due to wage increases from being wasted away on consumer's goods.

4. One only hopes that the authorities concerned would not be led by the assurance that the scheme would be "experimental". More often than not such experiments turn out to be long-term experiences. There is a real danger of denationalisation from the backdoor and the entire scheme working against the ethos of Indian planning. It is no use shying away from the fact that the matter transcends economics and is coiled up with ideological issues.

In under-developed countries this is of importance because of resource scarcity. None of the above motives is anti-Socialist. There can be no objection to this method of bringing about mixed enterprises in the country.

If private capital is allowed in public enterprise, the question arises, should this entry be one-sided? Couldn't we also conceive the reverse of it, *i.e.*, public authorities also purchase equities in private enterprises. Private enterprise complains that resources are being blotted by the public authorities in various ways and that from the national pool not much is left for them to utilise. Perhaps there may be some truth in it. Recognising this, the Government of India has established a number of credit institutions, *e.g.*, National Industrial Development Corporation, etc., to advance loans to private industries. The point is : should these institutions continue to advance loans with or without strings as the case may be or should such advances be in the form of stocks purchased by the Government? This will at once ensure the investment-cum-control interest of the public sector.⁵

Banking provides a possible area where government could invest in stocks. This will ensure some control over their management, make them more amenable to the monetary disciplines imposed by the Reserve Bank of India and also meet some of the points of those who advocate the nationalisation of joint stock banks.

5. With such equity participation and through its representation on the directorate, private sector will gain : (a) security of capital investment; (b) principal supplier advantage because of likely Government preferences of purchasing from such units; (c) market advantages, both nationally and internationally; (d) publicity advantage; (e) stabilising advantage; and (f) Government's support advantage relatively to such industries where Government interest is there. See Daniel L. Spencer, *India, Mixed Enterprise and Western Business*, The Hague, Martinus Nijhoff, 1959.

CORRESPONDENCE

ADMINISTRATIVE PIN-PRICKS

The Editor,
I.J.P.A.

Dear Sir,

Through the columns of your esteemed quarterly, I wish to focus the attention of the administrative leaders and reformers on the need for combating the growing menace of what I may call "administrative pin-pricks". This is the "blessing" visited upon middle and lower level civil servants by those branches and sections of administration which deal with establishment work, financial sanctions, and housekeeping operations in the Secretariat. The personnel, high and low, employed in the key administrative branches have, under the maddening influence of power vested in them, come to develop an outlook of "governing" in their own right, an attitude that they can in the last analysis make or mar the fortunes of men as they wish, a basic belief not openly admitted but both professionally and individually cherished that their job is to administer and not to serve. In two important ways, they slow down administrative action : (1) by delayed or inadequate provisions of facilities essential to administrative action and efficiency; and (2) by sitting over personnel matters like increments, leave pay, etc. The harm done by such a power-drunk attitude is much more than slowing down of administrative action; it demoralises the entire fabric of personnel administration, saps its vitality and lowers down standards of work.

One may naturally ask how can the personnel engaged in the execution or direction of programmes and

action keep up to their time schedules and quality standards if the administrative and finance sections at every step give them enough of pin-pricks. Many a time small things like poor quality of equipment, delays in repairs, non-provision or inadequate provision of supplies and basic amenities, rates of travelling allowance which are theoretically all right but in practice totally inadequate, belated or inadequate supply of materials, etc., hold up administrative action and lower administrative efficiency. More than that, the duality of standards of performance—one for administrative and another for "programmatic" branches—tends to kill all genuine enthusiasm for prompt and efficient work.

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For effective implementation of programmes, it is essential that administrative and financial branches should no less be answerable than those which deal with programmes; in fact, the evaluation of their performance should be stricter. And to prevent the maddening effect of power—for power always corrupts one, whether he be the Prime Minister or panchayat sarpanch—the same personnel should not continue in the administrative and financial sections for more than 3 years. Such a policy of shift of personnel will decidedly help in keeping a balance of outlook and attitudes in any administrative organisation.

Most of the administrative delays today are primarily the result of the highly bureaucratic attitude of civil servants engaged on establishment

and financial work. They, in collaboration with other protected service interests, offer a strong resistance to any overall and concerted probe into administrative mal-organisation of the day. If the Government of India can afford to appoint a Pay Commission every 20 years, why should not they appoint an Administrative Re-organisation Commission every 10 or 20 years, on the lines of the two Hoover Commissions appointed in the U.S.A.? Why should there be a tinkering with administrative reform, and not fuller consideration? Administration

today, though constitutionally subordinate to the Executive, is in a way a fourth dimension of the Government, the other three being the Legislature, the Judiciary and the Executive. It too deserves periodic attention by a high-level investigating body.

Will the readers of this *Journal* come forward with their ideas and suggestions on the issues posed by me?

Faithfully yours,
R. B. JAIN

New Delhi,
December 14, 1960.



RECENT DEVELOPMENTS IN PUBLIC ADMINISTRATION

(I) INDIA

The Central Directorate of Manpower has, in a recent communication to all State Governments and central Ministries and Departments, asked them to bring it to the notice of all public-sector organisations employing scientific and technical personnel that the latter have to accept a measure of responsibility, in the larger national interest, for training and providing a nucleus of trained personnel for the new undertakings. It has also been stressed that there should be maximum uniformity amongst all State enterprises (including departmental undertakings) in regard to pay scales of posts requiring similar experience and qualifications and involving the same degree of responsibility. It may, however, be left to the management of the undertakings, in consultation with their financial advisers to bring about comparable conditions of service as far as possible. Where it is necessary for any new public enterprise to draw upon the experienced personnel of one or other existing units in the public sector, negotiations may be taken up well in advance for the release of personnel according to a suitably phased programme; steps should simultaneously be taken in advance by the existing undertakings to train sufficient recruits to meet their own needs as well as those of the newly developing undertakings. For large industrial projects, it is essential that a phased training-cum-recruitment programme should be drawn up and implemented.

The Manpower Directorate has further sought information from States on provisional assessment of their requirements for trained man-

power for the Third Five Year Plan. The fields specifically mentioned are : engineering, agriculture, medicine and public health, education and administration.

The Central Manpower Directorate has also emphasized that while it may not be feasible to free technical officers altogether of the responsibility and burden of administrative and accounts work, it may be found possible to relieve them of a good deal of the routine part of such work by the appointment of non-technical supporting staff.

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The Government of India has made a provision in the rules for examination for appointment to all services under the Central Government that candidates who are admitted in the examination under the age concession admissible to departmental candidates will not be eligible for appointment if, after submitting applications, they resign from service either before or after taking the examination.

The Government of Mysore has notified that all the departmental examinations will henceforth be conducted by the Mysore Public Service Commission.

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The Government of Punjab has appointed a Police Commission to enquire into the working of police administration in the State and to suggest improvements in investigation and detection of crime and for raising the efficiency of the police force.

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The Union Ministry of Defence announced, on October 14, revised pay scales, on the basis of the recommendations of the Raghu-ramaiah Committee appointed in November 1959, effective from April 1, 1960, for Army officers up to the rank of Major.

The Government of India has constituted a 7-member Central Wage Board for Plantation industry "to work out a wage structure based on the principles of fair wages as set forth in the report of the Committee on Fair Wages as far as practicable".

The Government of Kerala has decided to grant old age pensions to persons of and above the age of 70 who are domiciles of the State.

In Maharashtra, the dearness allowance of whole-time State Government employees has been increased by Rs. 5 for those with salaries up to Rs. 50 p.m. and by Rs. 10 for Government servants with a monthly pay between Rs. 51 and 300.

The Government of Rajasthan has sanctioned *ad hoc* increase of Rs. 5, admissible from 1st July, 1960, in the dearness allowance for all employees with total emoluments of Rs. 315 or less. For employees with total emoluments above Rs. 315, the increase in dearness allowance will be limited to such amount as will bring the total emoluments to Rs. 320. It has also issued instructions that a senior officer should not be superseded in the matter of promotion unless he is considered unsuitable for a higher post. A marking system has been laid down for assessing the confidential rolls, and certain standards prescribed which should be attained by persons to justify consideration for promotion or the failure to attain which would result in supersession.

In Assam, the State Government has decided that instead of raising the

age of superannuation of Medical and Public Health personnel the officers may be ordinarily re-employed up to 58 years of age provided they are physically fit. Their status and pay on re-employment will not be reduced and they will be entitled to draw increments which may fall due during the period of re-employment.

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The Government of India has constituted a seven-member committee to carry out a comprehensive examination of the working of the Central Excise Department and to make recommendations for its re-organisation. The Central Income-tax Department has drawn up a simplified procedure for the assessment of people with small incomes from business sources.

The Special Police Establishment of the Union Home Ministry has, in consultation with the State anti-corruption officers, recommended simplification of official procedures as a preventive measure against corruption. The Special Police Establishment is also taking steps to improve the speed and quality of investigations.

The Central O & M Division has initiated a project for simplification of rules and regulations. The Controlling Officers have been asked to prescribe definite time-limits for the disposal of applications, requests, permits, etc. Wherever necessary, work studies should be undertaken either by O & M Division or by the departments themselves with a view to improving upon these time-limits.

The Administrative Reforms Committee, constituted by the Government of Andhra Pradesh in May 1960 under the chairmanship of Shri K.M. Unnithan, I.C.S., has submitted its report to the Government. A digest of this report may be found on pp. 101-106 of the *Journal*.

The Punjab Government has decided to experiment with a new system under which the responsibility for dealing with the cases, including the keeping of records, will be that of the Assistant *assisted by a Stenographer*, the Record Keepers being done away with. Instead of 5 or 6 Assistants, a Branch will now have 3 Assistants and 3 Stenographers. To attract Assistants of the requisite calibre, a new scale of Rs. 250-20-450 has been sanctioned. The new type Assistants are being selected by the State Public Service Commission from amongst Deputy Superintendents and Senior Assistants at present working in the Secretariat.

The Government of Rajasthan has decided that, with a view to stepping up the speed of disposal of work, the Deputy Secretaries should be assigned definite subjects in respect of which they should function independently as Junior Secretaries and deal directly with the Minister-in-charge and Heads of Department. However, important policy matters, establishment matters concerning Heads of Department or officers of the status of Deputy Head of Department, formulation or amendments to the Five Year Plan and cases involving relaxation of Service Rules will continue to be dealt with by the Secretary.

The Government of Kerala has issued orders for a systematic inspection of the Sections by the Organisation and Methods Unit. The inspection will cover the work of each clerk, the work of the section in general, and the work of the Office Sections including the Typists' Pools. After inspection, if it is found that three reports about a clerk are unsatisfactory, a charge will be framed against him for violation of office procedure and a routine punishment of stoppage of increment for three months may be imposed in such

cases. Similarly if three reports about a Superintendent are unsatisfactory, a charge will be framed against him for inefficiency in supervision and his increment may be stopped for three months. If a majority of the Superintendents under an Assistant Secretary is found to be unsatisfactory, a charge of inefficient supervision will lie against him also. When three rounds of inspection of the Sections are over, an analysis of the reports will be made by the Organisation and Methods Unit and the Under Secretary will put up proposals for punishment wherever deserved.

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The Department of Factories and Boilers in Mysore, Political and Appointment Departments and Cabinet Secretariat in Bihar, Department of Industries and Commerce in Kerala, Law Department in Assam, and Department of Cottage Industries and Industrial Co-operatives in Maharashtra have been re-organised.

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The Government of India has constituted a standing committee to keep a general oversight on welfare activities of different Ministries and Departments, to pool together their experience, and to bring about uniformity in the pattern of assistance to be given to co-operative societies and other welfare organisations set up by employees.

The State Government of Bihar has set up a committee to make a comprehensive study of the working of the welfare schemes in the State to evaluate their impact in bringing about the social and educational advancement of the Scheduled Castes and other Backward Classes and to suggest modifications and improvements.

The Punjab Government has constituted a Harijan Welfare Board,

In Maharashtra, a State Tribes Advisory Council has been constituted to advise on matters pertaining to the welfare and advancement of the Scheduled Tribes in the State.

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The Government of Bihar has set up a 6-member Staff Council in the Political and Appointment Department with the Chief Secretary or Additional Chief Secretary to the Government as the *ex officio* President, and an Additional, Joint or Deputy Secretary, an Under Secretary, an Assistant, a Stenographer or a Typist and an Orderly or Office Peon of that department as members. To begin with, the term of the Council will be six months. The main functions of the Council will be : consideration of the facilities available and duties to be performed by the service holders; consideration of service conditions and general principles in regard to appointments, working hours, promotion, discipline, period of service, remuneration and superannuation; and improvement of official work. No individual cases will be brought up while discussing "promotion" and "discipline".

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The Government of India has constituted the third Finance Commission, with *Shri A.K. Chanda*, till recently Comptroller and Auditor General of India, as its Chairman, and *Shri G.R. Kamat* as Member-Secretary. The other members of the Commission are : (1) *Shri P. Govinda Menon*, former Chief Minister of Kerala State, (2) *Shri Dwijendra Nath Roy*, retired High Court Judge, Allahabad, and (3) *Prof. M.V. Mathur*, Head of the Department of Economics and Public Administration, University of Rajasthan, Jaipur, and a member of the Executive Council of the Indian Institute of Public Administration. The Commission will, as required by Article 280(3) of the Constitution, make

recommendations to the President in regard to : (a) distribution between the Union and the State of the net proceeds of taxes; and (b) the principles which should govern the grants-in-aid from the Centre to the States. The Commission has also been asked to make recommendations on: (a) the assistance that may be granted by way of grants-in-aid under Article 275 to such States as are in need of assistance, having regard to the requirements of the Third Five Year Plan and the efforts to be made by those States to raise additional revenues from the sources available to them; (b) the changes, if any, to be made in the principles governing the distribution amongst the States under Article 269 of the net proceeds, in any financial year, of (1) the Estate Duty in respect of property other than agricultural land; (2) taxes on railway fares; and (3) additional excise duties levied on each of the following commodities, namely, cotton fabrics, rayon on artificial silk fabrics, woollen fabrics, sugar, and tobacco, including manufactured tobacco, in replacement of the sales taxes formerly levied by the State Governments.

In Mysore, a Resources and Economy Committee has been constituted to examine and report on all possible economies in the governmental expenditure and explore additional resources to find the funds for the Third Five Year Plan.

* * *

The Conference of State Ministers of Community Development held in New Delhi on December 9 accepted in principle the proposal that the block should be treated as a unit of planning and development. The powers to be entrusted to Panchayat Samitis in matters relating to education and rural industries should, however, be left to be decided by the State Government. As far as possible the staff working in the Community

Development blocks should be provided with security of service; the details in this regard should be worked out by State Governments in the light of their particular circumstances. The Conference recommended that there should be some norms of performance before the Community Development programme was taken up in any new area or continued in an existing block.

The Union Government has set up a Study Group to study how far and in what manner the Community Development organisation and Panchayati Raj institutions can promote the economic development and welfare of the weaker sections of the village community and suggest necessary measures.

The Staff Conference of Development Commissioners held in New Delhi on December 8 approved, among others, the schemes for orientation of school teachers in Community Development, for training of youth workers in rural areas, and for cluster-type training centres at the rate of one per district in the Third Five Year Plan. It also recommended the setting up of a workshop for selected Village Level Workers, Block Development Officers and Agricultural Extension Officers with direct experience of drawing up the Village Production programmes.

The Government of India has constituted a Study Team to study

and recommend how to make panchayat courts dispense speedy, cheap and impartial justice and steps to popularise these courts. The Government has also constituted a Study Team on Co-operative Training and Education.

A National State Agricultural Intelligence Board has been set up for developing an agricultural outlook and intelligence service in the country.

The country's first U.P. Agricultural University, set up on the pattern of Land Grant College in the U.S.A., was inaugurated by the Prime Minister on November 17.

The "Panchayat Raj" was formally inaugurated in 75 Community Development Blocks (out of a total of 374) in Madras State on October 2.

The Government of Orissa has constituted a Committee of the Cabinet to ensure effective co-ordination between the Community Development organisation on the one hand and other Development departments on the other.

In Kerala, a separate Department of Development has been created under a full-time Development Commissioner.

The State Government of Mysore has ordered the appointment of Deputy Block Development Officers in taluks where there are more Blocks than one.

(II) ABROAD

A 3-man Royal Commission, headed by *Mr. Grant Glassco*, on the lines of the Hoover Commission in the United States, has been appointed in Canada to enquire into instances of waste and inefficiency in some 70 departments of the Federal Government as well as corporations and agencies established during the Second World War.

The Canadian Civil Service Commission has been re-organised with a new Directorate of Operations which combines the selection and classification functions. It will remain directly under the Commission, but will relieve the Commissioners of a great deal of detailed work and leave the other arms of the Commission free of the need to deal

directly with Government departments.

* * *

The British Treasury announced on December 8 a pay increase of 4 per cent for about 600,000 civil servants covering most grades up to the level of administrative principal (including the Post Office except its engineering grades).

In the U.K., under the unanimous recommendations of the Royal Commission on Local Government, 1957-60, the London County Council would be succeeded by a new Council for Greater London covering a much enlarged area and there would be 52 Greater London Boroughs with the status and constitution of

municipal boroughs with a population range of 100,000 to 250,000. The Council for Greater London would be the education and planning authority, and the authority for traffic, main roads, refuse disposal, and fire and ambulance services. It would also have concurrent or supplementary powers for housing, provision of parks and open spaces and entertainments, main sewerage and sewage disposal, and land drainage. The new boroughs would be responsible for housing; personal health, welfare, and children's service (other than ambulances); environmental health (other than refuse disposal); roads (other than main roads); and libraries. They would also have important functions in regard to education and planning.



INSTITUTE NEWS

Dr. Paul H. Appleby, the eminent American expert in public administration, well known for his two reports on Indian Administration, joined the Indian School of Public Administration, as a Visiting Professor for four months from December 19, 1960, by arrangements with the Ford Foundation.

At the request of the Hindustan Steel Limited, the Indian School of Public Administration has organised a 4-month orientation training course for 37 junior officers of the Hindustan Steel.

* * *

The Institute made material arrangements for the UN-UNESCO Regional Seminar on Public Administration Problems of New and Rapidly Growing Towns in Southern Asia, held in New Delhi from December 14 to 21. The Seminar was inaugurated by the Prime Minister. Eight Asian countries—Ceylon, India, Indonesia, Japan, Pakistan, Singapore, Thailand and Viet Nam—participated in the Seminar.

The Institute, in collaboration with the Central O & M Division, organised, from January 27 to 30, a Workshop on: (1) Elimination of Bias in Administration; (2) Distribution of Executive Time; and

(3) Techniques of Project Preparation and Progressing.

* * *

The First General Assembly of the EROPA met in Manila on 4-10 December 1960. The subject for discussion was "Strengthening Local Administration for Economic and Social Development", divided into the following items : (1) Central services to local government; (2) The problems of local autonomy; and (3) Government administration of rural development. The Director attended the Assembly on behalf of the Institute and was the Chairman of the Working Group for the third item. He was elected as a member of the Executive Council of the Organisation.

* * *

The subjects for the I.I.P.A. Essay Competition (in English), 1960-61, are: (1) Any Aspect of Municipal Government; (2) Training of Public Servants in a Developing Economy; (3) The Pricing Policy of a Public Enterprise. The last date for submission of essays under a *nom de plume* is May 31, 1961.

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The following publication has recently been brought out by the Institute: "Staff Councils and Associations in the U.K. and India", price Rs. 1.50.



DIGEST OF REPORTS

ANDHRA PRADESH, ADMINISTRATIVE REFORMS COMMITTEE, REPORT. Hyderabad, 1960, iv, 112p.

The report of the Andhra Pradesh Administrative Reforms Committee, which has been published recently, contains some highly progressive, basic recommendations in matters of merger of the offices of Heads of Departments with the State Secretariat, re-appropriation of funds with-in a major head of expenditure, strengthening of the system of inspections, increased promotion opportunities for technical personnel, decentralisation of recruitment for subordinate services, creation of a pool of officers to man superior posts in Government commercial undertakings, constitution of high-powered Service Tribunals for dealing with appeals, larger financial and administrative delegation, establishment of inter-departmental and Cabinet-level co-ordination committees and of a standing administrative reforms committee.

The Andhra Pradesh Administrative Reforms Committee was constituted by the Government of Andhra Pradesh in May 1960 with *Shri K.M. Unnithan*, I.C.S., and *Shri K. N. Anantaraman*, I.C.S., as Chairman and Vice-Chairman, respectively.

The following are the more important observations and recommendations made by the Committee:

(I) ADMINISTRATIVE RE-ORGANISATION

(a) *Rearrangement of Business Within the Secretariat*

(i) "Hindu Religious and Charitable Endowments", now attached to the Home Department, could properly be dealt with in the Revenue Department.

(ii) The Public Works Department should be bifurcated into two, to be called, "Irrigation and Power" Department and "Buildings and Highways" Department.

(iii) "Transport", now dealt with in the Home Department, may be attached to the proposed "Buildings and Highways" Department.

(iv) A Joint Secretary should be appointed in the "Agriculture" Department to look after "Co-operation".

(v) A separate department called "Labour and Social Welfare Department" may be created to deal with Labour, Jails, Tribal Welfare, Women's Welfare, Social Welfare subjects (Backward Classes and Scheduled Tribes and Vimuktha Jathies) and other allied subjects, in the interests of better co-ordination.

(b) *Merger of Offices of Heads of Departments with the Secretariat*

Having regard to the increased work load in the context of larger and larger Five-Year Plans, the urgency with which plans have got to be executed year by year, and the need to maintain continuous contact between the Head of the Department and the Minister and the Secretary to Government concerned and also in order to prevent the examination of the proposals of the Head of the Department at the lower levels in the Secretariat and the consequent delays, and to expedite the sanction of schemes and staff necessary, their implementation and their periodical review, the merger of the offices of the Heads of Departments with the Secretariat in a phased programme is an inevitable, and at the same time,

the only practical solution. This reform is fundamental and far-reaching, since the idea that administrative responsibility should be shared by the Secretariat and the concerned Head of the Department, as two distinct units, is deep-rooted; and the change must, therefore, be brought about gradually. Such a cautious approach would also avoid unnecessary strain on the administrative machinery during the period of transition.

(c) District Administration

(i) The present size of a district in Andhra Pradesh varies from 3,000 sq. miles to 9,000 sq. miles with a population of 9 to 25 lakhs. There should be optimum limit, both in size and area, for any district, for efficient district administration. The State Government should take up the question of re-organisation of districts on a rational basis as early as possible.

(ii) The Collectors who are functioning as the Heads of districts need relief. The Government have appointed Joint Collectors in seven districts. The Government should consider the appointment of Joint Collectors in all the remaining districts also.

(iii) Urgent steps should be taken to strengthen staff in the Revenue Offices at all levels, particularly in Telangana.

(II) OFFICE PROCEDURE & STAFFING

(1) Office procedure in Government offices can be broadly divided into three parts : (a) relating to the mechanical movement of a paper; (b) to the manner in which the contents of that paper are dealt with; and (c) are disposed of. When dealing with the mechanical movement of the paper, it is necessary to keep track of the paper, to watch the speed at which the paper moves, from one

level to another, and to see that the action taken is appropriate. After final disposal, the concerned file may have to be preserved for future reference. Hence in addition to the other facilities, it becomes essential to see that every office has a record room where the disposals are deposited, after being properly indexed, so as to facilitate reference at a later date.

(2) (i) The existing provisions in the Secretariat Office Manual precluding suggestive noting by the clerks and superintendents should be strictly implemented. (ii) The staffing pattern should be re-organised in such a way that the number of clerks is reduced, simultaneously increasing the number of Assistant Secretaries. The number of Assistant Secretaries should be increased so that the Assistant Secretary need not normally deal with not more than three sections, and should thus have adequate time to apply himself properly to each file.

(3) The annual inspections of all the Regional Offices and District Offices should be undertaken by the Head of the Department or his Deputy concerned. There should be a detailed questionnaire prescribed for this purpose.

(4) Periodical checks and an annual review by the Secretaries and the Heads of Departments, of the work done in their respective offices, are very necessary. The annual review, giving an overall estimate, should be sent to the Chief Secretary and to the concerned Secretary to Government, respectively.

(5) A record of the progress of inspections of the Subordinate Offices, made by an Inspecting Officer, should be maintained by him. The Head of the Department should also keep the Government informed about the inspections through an annual report.

(6) Modern devices like franking machines, duplicators, telephones,

etc., should be liberally supplied and used in the offices.

(7) The orders issued by the Government, giving option to inefficient personnel to retire, should be implemented unhesitatingly.

(III) PUBLIC SERVICES

(1) The disparity in the scales of pay between the Andhra and Telangana services should be removed by adopting the higher scales. Government employees should further be permitted to draw annual increments from the dates of their initial appointment irrespective of the fact whether their services are regularised or not.

(2) Special incentives in the form of rewards or advance increments should be given to technical personnel for outstandingly good work.

(3) At present, pensions are not being sanctioned promptly and the retiring officers are therefore put to a lot of difficulties. On the eve of the retirement of an officer, the anticipatory pension should be calculated on the basis of his total qualifying service as shown from the records readily available and the average emoluments drawn by him during the three years before retirement, and three-fourths of the amount thus worked out should be sanctioned as anticipatory pension, pending further scrutiny of Service Registers.

(4) The temporary service rendered by an employee should be taken into account for purposes of pension anticipatory or otherwise, provided the total period covered by breaks in service does not exceed six months.

(5) The liberalised pension rules recommended by the Madras Pay Commission of 1959-60 should be adopted by the Government of Andhra Pradesh.

(6) The present Travelling Allowance Rules should be liberalised.

(7) A system of giving the same opportunities of promotion to technical personnel as are open to service administrative personnel should be worked out, to remove the disadvantage of taking out a senior technical specialist from out of his own field.

(8) The Andhra Pradesh Public Service Commission should be divested of the functions of recruitment to clerical cadres to all offices except the Secretariat. Recruitment should be decentralised and done at District level through a common competitive examination to be conducted by the Board of Revenue. The Departments themselves may recruit non-Gazetted staff other than clerical staff.

(9) Deputies to Heads of Departments should be created where they do not exist and they should be of a rank immediately below the Head of the Department.

(10) A suitable percentage of the Gazetted posts in the technical services like Engineering and Agriculture should be filled by direct recruitment.

(11) There should be a pool from which officers will be selected to man superior posts in Government commercial undertakings.

(12) Training centres for Lower Division Clerks for imparting institutional training should be established. A pass in a test, in the Manual of General Administration to be prepared by Government, should be prescribed as condition precedent to the declaration of probation and earning of an increment in the case of Lower and Upper Division Clerks directly recruited.

(13) The Accountant-General should revive the practice of maintaining the History of Services of Gazetted Officers and sending extracts periodically to the Officers.

(14) Study leave on full or half-pay should be given to young employees for higher studies, particularly in technical departments. All Service personnel should be permitted to accumulate leave up to eight months.

(15) The orders of the Government to the effect that all temporary posts, which existed for three years or more and which are likely to continue for a reasonable period should be made permanent, should be interpreted liberally and at least half of all such temporary posts should be converted into permanent posts in all departments.

(16) Appeals against promotions of Gazetted Officers to higher Gazetted posts may be decided by the Government in consultation with the Public Service Commission.

(17) High Powered Service Tribunals should be constituted for dealing with appeals and the decision of these Tribunals should be final. A Member of the Andhra Pradesh Public Service Commission may be associated with the Tribunal. In the case of the Board of Revenue, the same powers as are conferred on the Tribunal may be delegated to it.

(18) Existing rules prohibiting public servants from enlisting the sympathy of influential people to secure service benefits should be enforced strictly.

(19) Anonymous or patently pseudonymous petitions should be disregarded and no enquiry should be conducted, whether or not any specific incidents are mentioned therein.

(IV) DECENTRALISATION AND DELEGATION OF POWERS AND DUTIES

(1) The financial powers of sanction of all grades of officers should be enhanced by four times,

particularly in view of the increased price levels.

(2) The Heads of Departments should be delegated, among others, the following powers, subject to budgetary provisions : (i) to appoint the staff provided in the sanctioned estimate; (ii) to sanction leave up to three months to the District Officers working under them and also to make arrangements for appointing substitutes subject to ratification by Government; (iii) to sanction additional charge allowance to District Officers under their control up to a period of three months of the additional charge; (iv) to authorise investigation by the Accountant-General into all cases of arrear claims, irrespective of the period to which it relates; (v) to extend the period of special staff appointed for emergencies up to a period of one month in anticipation of Government orders; (vi) to employ additional staff for clearance of accounts arrears for a period of three months at a time in anticipation of Government approval, the Head of the Department should, however, obtain the opinion of the Accountant-General regarding the necessity and quantum of staff so required; and (vii) to appoint officers on promotion from an approved panel without prior approval of Government in each case. Power to accord administrative sanction up to Rs. 1,00,000, in respect of schemes included in the annual plan and budget should be delegated to the Secretary of the Department concerned in consultation with the Financial Adviser of his department and decision-making power regarding the location of Plan schemes should be transferred to the Head of the Department.

(3) The Board of Revenue and all other Heads of Departments should be empowered to transfer Gazetted Officers at sub-divisional levels.

(4) Codes and Manuals should be revised to enable larger delegation of powers.

(V) FINANCING AND ACCOUNTS

(1) So long as the overall provision in the Budget is not exceeded, Finance Department need not concern itself with the sanction of the details of work of other Administrative Departments of the Secretariat.

(2) Reappropriation of funds within a major head of expenditure should be within the competence of the Administrative Department. More liberal delegation in this respect should be made to the Heads of Departments.

(3) In each Secretariat Department, there should invariably be a Financial Adviser of the cadre of a Deputy Secretary to work under the control of the concerned Secretary to advise him in financial matters, and the final decision should rest with the Secretary or the Minister in charge of the Department.

(4) Accounts Branches should be set up invariably in all offices of the Heads of Departments headed by a qualified Accounts Officer, relieving the Accountant-General of the non-statutory functions of making Headquarters payments and of maintenance of accounts.

(5) All Headquarters payments should be taken over by the Director of Treasuries and Accounts and the pre-audit by the Accountant-General discontinued.

(6) A Committee consisting of representatives of the Accountant-General, Public Works Department and Finance Secretary should scrutinise all pending final bills periodically and take decisions. Payment of intermediate bills should not be held up for minor omissions or on account of minor irregularities.

(7) 'Drawing Powers' at present enjoyed by the Executive Engineers of Public Works Department should be extended to other major departments which have large disbursements, after further examination.

(VI) INTER-DEPARTMENTAL CO-ORDINATION

(1) There should be a permanent Co-ordination Committee which should meet once in three months under the presidentship of the Chief Minister.

(2) There should be Departmental Co-ordination Committees of allied Departments which should meet once in a month under the presidentship of a Minister.

(3) There should be a Standing Administrative Reforms Committee for proposing measures for improvements in the standards of administration and for reviewing the action by various departments.

(VII) PUBLIC RELATIONS

(1) There should be a Central Reception Office in the Secretariat manned by a Superintendent for attending to enquiries and requests for information.

(2) One Assistant Secretary in each Department of the Secretariat should be nominated to attend to public relations work and for pooling and transmitting the material required by the Information and Public Relations Department on prescribed dates and for supervising work of the Departmental receptionist, etc.

(3) In the Offices of the Heads of Departments and in each collectorate, an Upper Division Clerk should be appointed as a receptionist for assisting the public.

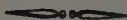
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The Committee has also made observations and recommendations

on 'Execution of Building Programmes under Plan Schemes and Land Acquisition', 'Government Press and Supply of Forms and Registers', etc.

Shri I.J. Naidu, I.A.S., Secretary to the Government of Andhra Pradesh, Agriculture Department and a Member of the Committee, gave a

note of dissent against the proposals for merger of the offices of the Heads of Departments with the Secretariat, constitution of special committees for settlement of contractors' bills in the P.W.D. and of Departmental Tribunals, and consultation of the Public Service Commission on appeals against orders of promotion of gazetted officers.



BOOK REVIEWS

NATIONALIZED INDUSTRY AND PUBLIC OWNERSHIP; By WILLIAM A. ROBSON, London, George Allen & Unwin, 1960, 544p., 50s.

This book is concerned with nationalised industry *in Britain*. The title "Nationalized Industry and Public Ownership" is, therefore, somewhat misleading, since it implies that a much wider field is covered. There are of course some references to State intervention in the ownership, operation, or regulation of industries in other countries, but these are brief and incidental; the author throughout confines himself fairly strictly to British experience and views in regard to these matters. However, even within these limits this is a book of considerable value to all those in this country interested in the theory and practice of public ownership.

The author states that, while not attempting to conceal his own views, he has done his utmost to write an honest book *i.e.*, one that does not shirk facts whether pleasant or unpleasant, and to give a reasonably balanced view of the subject. In this he may be said to have succeeded on the whole very well. There are, however, some traces of bias in what he leaves unsaid. Thus, he stresses that under private enterprise investment in the coal mines was very inadequate from at least 1925, if not earlier, with the result that whereas up till 1925 the British coal industry was comparatively efficient by 1939 it was technically obsolescent. The reader is left to infer that this was entirely due to the failings of private enterprise. He omits to point out that in 1924 the Sankey Commission had recommended the nationalisation of the coal mines, and that with this sword of Damocles hanging over its

head private enterprise naturally failed to function effectively. The coal-owners were very far from being an enlightened body of men, but the real cause of the difficulties of the coal industry was the stupidity of successive Governments in refusing to implement the recommendations of the Sankey Commission.

There is a similar bias in what he leaves unsaid about the railways. During the inter-war period they found themselves in a position of increasing difficulty partly due to the great depression, but mainly, and more fundamentally, because of the competition of road transport. He complains that the railway companies, instead of endeavouring to meet this competition by improved services, modern equipment, cheap fares and rates and better facilities, invoked statutory authority to restrict the services provided by their competitors. He omits to point out that this is precisely how State-owned railways in other countries—India is a conspicuous example—have endeavoured to meet the threat of road competition. He also omits to point out that it is very doubtful whether reduction of fares and rates and outlay of capital on providing improved services and facilities would have proved remunerative or sufficed to enable the railways to meet competition from the roads.

Despite these slight traces of bias this is an honest and fair-minded book, and it is also lucid and well arranged. In the opening chapter public undertakings are broadly classified and the different forms in which they may be organised are set forth. Amongst the latter falls the

'public corporation' which is being used to administer the British nationalised industries. The author describes the public corporation as "the most important constitutional innovation which has been evolved in Great Britain during the past 50 years". It is destined, in his view, to play as important a part in the field of nationalised industry in the 20th century as the privately owned corporation played in the realm of capitalist organisation in the 19th century. The book is mainly concerned with the administration and management of the nationalised industries in Britain by public corporations.

* * *

We in this country are also endeavouring to run nationalised industries through public corporations and are being faced with exactly the same problems as have confronted the British and as are discussed in detail in this book. The main problem is how to reconcile autonomy and efficient business management with public accountability, which in democratic countries means accountability to Parliament. What should be the extent and nature of Ministerial control and the working relationship between Ministers and public corporations? What limit should be put on parliamentary inquisition through debates and questions? What advantages are there in a select Parliamentary Committee on public corporations? What form should the audit of public corporations take? These and other kindred subjects are very fully and competently discussed. A point of interest which is brought out clearly is that in Britain up till now there has been a strong tendency for Governments to try to get their own way in regard to the management of public corporations while avoiding public acceptance of responsibility for the results. Until recently, the writer says, Ministers have carefully

hidden their activities, doubtless from a desire to avoid having to answer in Parliament for the great variety of matters about which they intervene or are consulted by the public corporations, but for which they do not wish to be responsible either to Parliament or the public. He also quotes other writers as saying that Ministers have exercised their responsibility in private and not answered for it in public. A strong and united Board of Management should be able to resist such tactics and compel a Minister if he wishes to intervene at all to issue a written directive instead of trying to get his way by influence and pressure. If, as this book reveals, the Boards of public corporations in Britain have often tamely submitted to indirect and overt control by Ministers, one can well imagine what may happen in this country where there is such a deeply ingrained tradition of subservience to those in power. Yet is it possible, or indeed reasonable, to prescribe that Ministerial intervention in the affairs of public corporations should always take the form of a written directive? To this question Prof. Robson does not give a clear affirmative answer. But he does conclude that the tendency to rely on influence or pressure rather than formal direction is misplaced in the relations between Ministers and the nationalised industries. "The Ministers", he says, "must be prepared to face up to the responsibilities which they have assumed. They should not be permitted to remain in the twilight zone in which some of them love to dwell, flitting happily from one private meeting to another, talking things over with the chairman at lunch, in the club, in the House of Commons, in the department, without disclosing either to the public or to Parliament the real extent of their intervention. This is not the way to strike the right balance between governmental power and managerial freedom".

There is one point in regard to nationalised industries on which Prof. Robson's views differ markedly from the prevalent thinking in this country. This is in regard to the question of profit. While he does not subscribe to the view that public enterprise should only aim at breaking even and concedes that there is no inherent objection to its being conducted on a profitable basis, this, in his view, should not be the main purpose of any form of public enterprise; indeed the concept of profit is extraneous to public enterprise since there are no equity shareholders to whom dividends can be distributed nor any one to whom it can be properly paid as a bonus or commission. He prefers, therefore, to use the term 'surplus' rather than the word 'profit'. But while a surplus may, in his view, be appropriately placed to serve as a cushion against bad times, or be ploughed back to finance capital development, or be used for reducing prices or improving the quality of the service offered, or applied to repaying advances of public funds, it must not, according to him, be treated as a contribution to national revenues. Publicly-owned industries should not be run in order to provide a source of revenue for either the national Government or for local authorities. In this country, on the other hand, there is constant insistence that nationalised undertakings should contribute to the resources of Government for carrying out successive plans—indeed one school of planners is looking to Government undertakings as an increasing source of revenue. Moreover, the suggestion that has been put forward that members of the public should be invited to participate in the capital of public undertakings implies that they are to be run at profit and that the profit is to be distributed. Such thinking would be anathema to Prof. Robson.

Another subject on which Prof.

Robson appears to hold strong views, which are not entirely in accord with thinking in this country, is that of cross subsidisation. He does not discuss the subject very fully but various references which he makes to it suggest that he is opposed to any form of cross subsidisation on the ground that it means charging one lot of consumers more than they should pay for a service in order to give the same or some other service to other consumers at a price below the economic cost. This implies that all consumers must pay the economic price of a service which they enjoy. Such a principle cannot be universally observed and from the outset it has been departed from by one of the earliest and largest of public undertakings, the post office, which undertakes collection and delivery of letters in remote hamlets at the same price as elsewhere though the cost is undoubtedly greater. In most countries railway fares and freight rates contain a similar element of cross subsidisation; and if all forms of transport were nationalised, it is almost certain that a policy would be adopted of making the more remunerative subsidise the loss. Prof. Robson, however, implies that it would be a thoroughly bad thing to do so. This, to say the least, is questionable.

* * *

Towards the end of the book Prof. Robson reviews the development and performance of the nationalised industries in Britain and concludes that they are in a substantially better condition from most points of view than they would have been if they had remained in private hands. Furthermore, the existence of a substantial public sector covering the basic industries providing fuel, power and transport ensures a higher degree of public control over the whole economy, which has been used in the recent past to counteract inflation

and could be used in future to assist in maintaining a high and stable level of employment. On the other hand he considers that the attitudes of the work-people have not been changed in any fundamental way by nationalisation, and that there are no clear signs of the growth of a spirit of public service among the rank and file of the employees in any one of the nationalised industries.

During recent years enthusiasm for nationalisation has been very much on the wane in Great Britain. Some of the most influential thinkers no longer regard public enterprise as the basic aim of socialism and a powerful section of opinion in the Labour movement doubts whether nationalisation is the most effective way of increasing efficiency or productivity. In his final Chapter, Prof. Robson discusses these recent trends in thought. This new mood is the result partly of disillusion with the results of nationalisation. Though the failings of the nationalised industries in Britain have been much exaggerated, it cannot be said that on the whole they have been a brilliant success. But in addition to reflection on their own experience observation of the trends in other countries has had a profound influence on British thinkers. It has dawned on them that the belief that ownership is only dangerous in private hands is a misconception. Experience has shown that the power of ownership even when entrusted to public authorities can be dangerous. Moreover complete nationalisation leads to a complete monopoly of power in the hands of the State and so to totalitarianism. British society, deeply permeated by liberal sentiment, has reacted fairly strongly to the realisation of these consequences. The result is that "for the first time for a century there is equivocation on the Left about the future of nationalisation."

This partly accounts for the divided counsels which at present prevail in the British Labour Party. The old Party platform is breaking up and nothing solid has been constructed to take its place. Professor Robson is critical of the proposals put forward in the Labour Party pamphlet 'Industry and Society' that the State should acquire by purchase and otherwise stocks and shares in large companies without seeking to control them, but simply in order to share in their profitability. Acquisition of shares by the State might be justified in order to further ends of national importance, but not solely with a view to the State participating in high earnings. The State would then become 'a functionless property owner' like the great mass of other shareholders.

However, as Prof. Robson concedes, acquisition of shares would be justified in order to further certain national interests, e.g., to enable new types of ships or of aircraft to be built which would not be possible without financial aid from the Exchequer. There would then come into existence a large number of 'mixed enterprises' in which private enterprise and Government would co-operate, the latter providing part of the capital. Such mixed enterprises are quite widespread today, but they have made little headway in Britain or other English-speaking countries. Since Professor Robson's book is concerned with Britain, he does not deal comprehensively with the experience of such mixed enterprises—a tantalizing omission, though there is a short appendix on mixed enterprises in Italy. Readers in this country would certainly have been glad to have further information on the subject of mixed enterprises. But one cannot reasonably complain of the author for failing to discuss something which does not fall within the scope of his book.

In this connection attention may be drawn to a small mistake. On page 27 "a vast new steel works which Krupps are building for the Indian Government" is cited as an example of a mixed enterprise. Originally,

no doubt the Rourkela Steel Plant was intended to be a mixed enterprise with German private capital participating, but it has since become a wholly public sector project.

E. P. MOON

FINANCIAL ADMINISTRATION IN LOCAL GOVERNMENT; By A. H. MARSHALL, London, George Allen & Unwin Ltd., 1960, 392p., 32s.

In a recent discussion in the Delhi Municipal Corporation about the appropriate role of the Municipal Chief Accountant, a view strongly advanced was that the essential qualification in the incumbent should be that of a professional accountant, and that the most important of his functions is of account-keeping. As the present book, however, explains, financial administration in local government, of which the Municipal Chief Accountant is the king-pin, must partake of three qualities. The first and the most dynamic is the giving of financial advice. A scrutiny of schemes, an appraisal of the expenditure involved in relation to resources and the merits of alternative schemes, and a correlation of current problems to long-term aims and plans must constantly influence the organisation of activity.

Secondly, the compilation and supply of financial information is the basis, at different levels, for policy-making, control of operations and guidance in daily work. The supply of information can be made to serve other purposes also. Policy-makers are concerned with broad measurements of past results and forecasts of the effects of future action. Departmental heads need to know the current position of each part of their activities so that they can make necessary adjustments *e.g.*, in the rate of expenditure. Individual members of the staff must be told how they stand in comparison with their standards. All these indicate how much leeway we have to make up in

the details of financial administration in this country. Another notable aspect of this function is the preparation of the annual budget estimates, with all that the work involves in terms of judging aims and resources and presenting integrated proposals that may serve as a handmaid to policy-making and constitute a balanced plan of action.

Lastly, there is routine control, the aim of which is to secure purity of administration. There must be machinery for ensuring that responsibilities are clearly defined, that financial duties are properly distributed, that expenditure is properly sanctioned and that collection of monies is carried out with diligence and honesty. In short, regularity and accountability have to be ensured. This enforcement of control and accountability may, by some, be regarded as well meant but probably misguided restraint exercised by an outside agency and even as irksome interference. But control is an essential part of financial administration, especially in the public services where an elaborate system of safeguards is necessary to ensure that money is spent with due authority. In public administrations, because the resources are raised mainly by compulsory taxation and the monies and goods are held on trust for the public, the precautions must be elaborate and their soundness capable of easy demonstration, *e.g.*, by assuring the public that shortcomings will be brought to light.

The nature of financial administration postulates two internal organs: a Finance Committee consisting of members of the local authority and a Chief Financial Officer. Under the system of English local government, a local authority is an assemblage of quasi-independent Committees coming together only at the very highest level, the Council itself: a body which is for the most part a debating chamber unsuited to the task of co-ordination. Therefore, a number of "functional" Committees, which cut across the vertical organisation by promoting uniformities of practice and reviewing or regulating aspects of the work of operating Committees, have come into being. The Finance Committee is the most common and, in some ways, the most important of such co-ordinating devices. Its main function is to consider the finances of the local authority as a whole, to weigh the merits of one scheme against another, to arrange priorities and to advise on the level of local taxation. A strong Finance Committee is the only way of ensuring that at all stages in formulating and reaching decisions, adequate attention has been given to finance. The Committee also discharges other functions of financial administration, viz. continuous supervision of the finances and financial machinery and an alert watchfulness for opportunities for economies and improvements.

At the official level, the Chief Financial Officer (also in places

designated as Treasurer or Accountant) functions as financial adviser, accountant and internal auditor. These three roles parallel the aims of financial administration earlier mentioned. In addition, he is also invariably the treasurer and the channel of receipts and payments. In this respect, his obligations partake of the nature of trustee with independent direct responsibility to the taxpayers and he must, therefore, exercise all the vigilance expected of one who handles public funds. In practice, there is a startling contrast in the position accorded to the Chief Financial Officer in different authorities. In some backed by an understanding Council, he plays a weighty and effective role; in others he is little more than a book-keeper. But there is a steady movement towards an improved position for the officer, as more and more authorities come to understand the value of an integrated financial system.

The theme that runs through this book is the need for financial arrangements to be an integral part of the work of local governments. Financial factors have to be considered along with others, not independently of them. Financial work is dispensed throughout the whole organisation. For these reasons, stress is laid on the need for using a centralised financial administration to strengthen rather than weaken the sense of financial responsibility of the departments.

P. R. NAYAK

THE RED EXECUTIVE—A Study of the Organization Man in Russian Industry; By DAVID GRANICK, London, Macmillan, 334p., 21s.

The fate and functions of the organization man under the epitomes of capitalism and socialism form the subject-matter of this extremely readable book by Mr. Granick. The U.S.A. and the U.S.S.R. have been placed on the same canvas on a

number of occasions in different contexts like productivity, production, economic development, political freedom, and so on, but Mr. Granick's is not an unwarranted addition to the list. In the field of industrial management this comparison

is not an easy task, at times it is extremely hazardous to advance a viewpoint. Mr. Granick however has tackled this problem very deftly and the one singular quality of this book is its objective analysis of the functional areas, problems and possibilities of the Red Executive.

In doing so, the formative years of the executive, his education, environs, work areas, the administrative bureaucracy, control, labour, factory organization, the various techniques of management of production and the overall industrial economy of the U.S.S.R. in the world context—have all been taken into view with an insight characteristic of a first class scholarship couched in sympathy and understanding. "Today he is a college-educated engineer with a sound technical and administrative background, and he bears little resemblance to the flamboyant Party director of the early days whose credentials were years in Tsarist prisons, escapes from exile, and oratory exercised in stirring the masses. But the present-day Red Executive is also no throwback to the bourgeois plant manager of the late twenties and early thirties who, for all his education, was distrusted as an enemy of the Revolution and a potential saboteur. Today's executive combines sound training with the political assurance and power which permit him the freedom to make creative use of this training" (p.317).

There is a common notion that under the totalitarian system, everything is carried on by the rule of the thumb and there is no freedom allowed to anybody including the captains of industry. That the fact is not a whole truth, is refreshingly highlighted by the author. Rather one wonders if so much is really there. The role of education in industrial management, for example, is much more significant in the U.S.S.R. than it is in the U.S.A. In the words of

Mr. Granick 'the educational level of American management has been rising rapidly—in fact, although for different reasons, almost as rapidly as did the proportion of college graduates among fountain clerks during the depths of the Great Depression. But while we still have a long way to go before management is made up solely of college graduates, the Russians have already almost reached the saturation point' (p. 61). The predominance of engineering education for Russian managers in rather sharp contrast with the slant for liberal education for the American managers, as brought out by the author, is almost a revelation in the context of some of the reports of the Anglo-American Council of Productivity, particularly that on Industrial Engineering. While "only one quarter of college graduate top managers have majored in engineering" (p. 63) in the U.S.A., as the author quotes a study, "almost all Russian managers have engineering degrees" (p. 64).

It is interesting to note that even in the Soviet Union, managements comprise more or less the same ancestral pattern; that "the son of a white collar employee, professional or business owner, had eight times as good a chance of reaching top management in the United States as did the sons of workers and farmers, and that he had six times as good a chance in the Soviet Union" (p. 64).

That the industrial organism in the Soviet Union functions under somewhat the same sorts of problems is understandable. The behavioural designs of Soviet and American workers are also similar and the resistance to stretched shifts finds equally adamant expression. "Except in unusual cases and in emergencies, this worker unwillingness seems decisive as an obstacle. In this matter, the Russian worker is quite capable of swinging his weight" (p. 256).

Not that, there are no differences at all. Perhaps the most significant difference between the U.S.A. and the U.S.S.R. is in attitudes of the executives, in that the hazards of the U.S. executive are much greater because of a free choice of the factors he handles. The questions of collective bargaining and trade unionism facing the U.S. executive are substantial top-notchers and cannot be lost sight of. Trade unions of the Soviet Union are not omnipotent bodies. As an independent decision-maker the non-Red Executive's task is much more difficult than his counterpart beyond the iron-curtain. This is perhaps why the American executive cannot afford to be merely an engineer; his broad vision does not, however, ignore the engineer whose

services he utilizes along with those of others. As a matter of fact, to free the engineers from the pull of the forces of specialisation for a successful career in management has been a gigantic task and attempted by some Graduate Schools of Business Administration in the United States, specially Harvard. With all tasks set for him by the State authorities the Red Executive, on the other hand, functions like an automaton, "filling a slot in an industrial bureaucracy" (p. 318), able to exercise freedom in a limited sphere.

This book will be of immense benefit to all those seeking a wealth of information about the Red Executive with a critically appreciative temper.

A. DASGUPTA

TRIAL BY TRIBUNAL; By GEORGE W. KEETON, London, Museum Press Ltd., 1960, 239p., 21s.

The recent publication of this timely book "Trial by Tribunal" by George W. Keeton, would be a proper occasion to have a peep into this important subject. A modern Government is at times called upon to take a decision on a matter of peculiar difficulty. The Government may not be able to devote the necessary time to study the question; or the conduct of the Government or officials may be under consideration so that an inquiry by an impartial committee or tribunal may be called for. If so, such an inquiry would have to be conducted in a quasi-judicial manner following the natural justice principles. The purposes of the inquiry may be various but in all cases the inquiry is to find out facts which would suggest either expressly or by implication the course of action to be taken by the Government.

When the facts are thus investigated, they often indicate the persons who are responsible or who may be

held liable for the doing or causing of events for which blame may be apportioned. But it is the earmark of such an inquiry that it does not charge any person as an accused and does not punish him directly. In that way, it is different from a trial despite the alliteration served by the title of the book under review.

In the United Kingdom to which Prof. Keeton's book is restricted, such inquiries were at first made by Parliamentary committees. Unfortunately, the members of such committees were appointed on party lines which coloured their attitude in appreciating the evidence and finding the facts. Commissions consisting of lawyers, judges or distinguished public men were, therefore, constituted for special inquiries. The power to enforce production of evidence at inquiries was at last given by the Tribunals of Inquiry (Evidence) Act, 1921, under which the subsequent Tribunals have functioned. Prof. Keeton has described many of the

more famous inquiries in modern British history such as, Inquiries by Parliamentary Committees (Chapter II) including the one into the conduct of Sir Robert Walpole, the then Prime Minister of England; the Parnell Commission (Chapter III); the First Tribunals under the Tribunals of Inquiry (Evidence) Act, 1921, (Chapter IV); the Savidge Inquiry, 1928, (Chapter V); the Budget Leak, 1936, (Chapter VI); the Inquiry into the *Thetis* disaster, 1939 and the Lynskey Tribunal, 1948; (Chapter VII); the Bank Rate Leak Tribunal, 1957, (Chapter VIII); and the Waters Tribunal, 1959, (Chapter IX).

The introductory chapter traces the evolution in the U.K. of this method of inquiry and the gradual settling of the procedure relating to it. In the final chapter, the author comes to grips with some of the unsolved problems arising out of these inquiries and discusses their solutions. As contrasted with other literature on this subject, Prof. Keeton's method is mainly to narrate the facts, proceedings and the conclusions of the various inquiries though reflections suggested by the different facets of these cases are interspersed during the whole narration. The book is, therefore, not a mere case book but bears the imprint of the mind of its author. The narration of the proceedings and findings of the various inquiries is skilful and brings out the essential points with economy of words. Indeed, Prof. Keeton's book is as interesting as a thriller and as instructive as an essay on the legal problems attendant on such inquiries in the U.K. can be.

Before closing one may look into some of the unsolved problems relating to these inquiries. For instance, a Tribunal not assisted by the Attorney General or a State Law Officer has to bring out the evidence itself. This may create an impression of hostility in the minds of the witnesses

who are examined. This was why in some of the above inquiries the Attorney General stated the case and assumed the initiative in examining the witnesses. While this shifted the question of hostility from the Tribunal, it has to be considered whether this impression is not shifted thereafter to the Attorney General. Prof. Keeton's view is that Attorney General, both in the opening statement and in his examination, for the time being weighs the dice heavily against some of those who have been associated with the matter to be investigated and this is the more serious because, as a preliminary task it will be the Attorney General's duty to draw attention to the existence and nature of rumours. He thinks that the position of the Attorney General in these inquiries is one which is open to mis-construction. The London Times in an Editorial on this subject suggested that the Attorney General should in future delegate his duties to some leading Counsel outside the political arena. Another lacuna of this method of inquiry is that corresponding to the statement of case by the Attorney General or the lawyer of the Commission, there is no statement in rebuttal because, as is constantly emphasized "nobody is accused of anything". Unhappily in the case of inquiries which prove rumours to be ill-founded, the refutation is a long time in coming and it probably creates less impression than the Commission lawyers' opening, at the moment when everyone's curiosity is at the maximum. Therefore, though no particular person is accused of anything at the beginning of the inquiry, a person on whom suspicion falls during the evidence should be enabled to make either an opening statement or a statement in rebuttal.

The above British experience would be of value in India where we have the Commissions of Inquiry

Act, 1952, which is more elaborate than the British statute. The Central and the State Governments in India have also appointed from time to time Commissions to enquire into definite matters of public importance. It would be interesting to compare the procedure and the problems

arising during such inquiries in India with some of those which have been described in Prof. Keeton's book. Some of these questions have been considered by the Supreme Court and the High Courts.

V.S. DESHPANDE

THE QUESTION OF GOVERNMENT SPENDING—Public Needs and Public Wants; By FRANCIS M. BATOR, New York, Harper & Bros., 1960, xvi, 167p., \$3.75.

It was in 1892 that Adolph Magner propounded the 'Law of increasing activity' in which he attributed the increasing expenditure to urbanisation and industrialisation and also to the activities of the Government which were regularly increasing as new functions were being constantly added and both old and new functions were being performed more efficiently and completely. The activities of the State have been constantly increasing and consequently there are enormous increases in public expenditure. The trend of increasing public expenditure has often been described as the "inexorableness of the inexorable". Various factors have contributed to these increases and largely these factors are as follows : expansion of public wants; rise of the 'Modern State' with its emphasis on service to the citizens; costly wars and continuous international tensions; rapid growth in the population; impact of the industrial and social revolutions of the 19th and 20th centuries with emphasis on new efforts at social progress; rising levels of public consumption; direction of public expenditure towards economic development and stability, and rising prices.

These increased public expenditures which are essential to underdeveloped countries, trying to attain a reasonable level of economic prosperity, have posed certain problems in more developed economies. In the case of the latter countries—the

country in case is the U.S.A.—the normal phenomenon was that public expenditures during peace time were generally limited and usually represented a small portion of the gross national product, while during war time they reached very high levels and represented a large chunk of the gross national product. For example, Government expenditure in the U.S.A. amounted roughly to 9 per cent of the gross national product in 1929, 49 per cent during the war and 23½ per cent in 1949. Subsequently during the Korean War period it underwent a further rise, but even at the end of the Korean war the expenditure continued to be high presumably due to the economic impact of the non-economic factors. This tendency brought in its wake a lot of controversy and it was thought that any significant increase in the government role might provoke an economic breakdown. Immediately followed various attempts at different levels to bring out 'cuts' in their expenditures and it was the avowed objective during Truman's administration to bring down the expenditure to 'tolerable' limits. As Arthur Smithies has pointed out "There was a strange conviction that was shared by the President, the Cabinet and the business community that it was imperative to reduce the budget total to some figure that was 'tolerable'"—but what this 'tolerable' represented was never indicated. During Eisenhower's administration cuts have been

made not in the name of reducing the totals to tolerable limits but maintaining "a sound economy". But for various other reasons the expenditure continued to be of a high magnitude.

What are the effects of such increasing expenditures? What are the popular myths about them?—and what are the facts? The effects of public expenditure on consumption, production and distribution are generally known. It is argued that the increase in the government spending is at the expense of private spending reduced by taxation but it is quite possible that in certain cases taxation may draw in part from the savings which are already available and thus may not affect the private spending. The two critical questions are: "(1) Has the share of the Government in total output forced the people to skimp on consumption and private investment? (2) What does the scale of public spending imply about the economy in catering to consumers' wants? Has Government caused any violation of the principle of Consumer Sovereignty"—and it is to these questions that Professor Bator's book seeks to supply answers. Professor Bator classifies the expenditure into 'non-exhaustive' and 'exhaustive' (obviously modelled on Professor Pigou's classification) and assesses their respective shares in the gross national product. The evidence furnished by Professor Bator seems to indicate that Government spending may not necessarily cause inflation as it is supposed to be. Inflation is not the result of public expenditures alone and its origin can be traced to many other factors.

In regard to the question whether Government spending skimmed on

private shares, Professor Bator feels that no answer 'independent of a complex of social and private values' can be given. But if the levels of consumption and investment are any indicators, it cannot be said that Government spending had some deleterious effects on an individual's economic behaviour: it is also not easy to have any precise idea of the economy and efficiency of public expenditures. If expenditures were to be incurred merely on the basis of their possible contribution to the gross national product, then perhaps very little can be said about the merits of a portion of expenditure. On the other hand, the importance of an increased share of public expenditures to the national product cannot be over-emphasised. As the Taxation Enquiry Commission had observed "the re-distributive effects of public finance operations in India cannot attain really significant dimensions so long as the ratios of public revenues and public expenditure to national income remain as small as they are at present".

Professor Bator also discusses the various aspects of consumer sovereignty, politics and freedom etc. It would indeed be very useful if a similar analytical study can be made of the Indian public expenditures also. There is a good deal of statistical information in the book but it is given as a separate appendix. Professor Bator's reasoning is persuasive and the conclusions are thought-provoking. The book is a useful contribution to the literature on 'Public Finance'.

A. PREM CHAND



BOOK NOTES

PUBLIC INDUSTRIAL MANAGEMENT IN ASIA AND THE FAR EAST—A selection from the material prepared for a United Nations Seminar held in New Delhi in December 1959; New York, United Nations, Department of Economic and Social Affairs, 1960, iv, 138p., \$1.50.

This is a selection from the material prepared for the U.N. ECAFE Seminar on "Management of Public Industrial Enterprises" held in New Delhi in December 1959. Section I on "Management of Public Industries" discusses the differences and the common elements of goals for public enterprise and private enterprise. The principles of "sound commercial policy", we are told, have to be considered in relation to other requirements which may be applicable to both public and private enterprise, but which are particularly applicable to concerns deliberately established by the State as agencies of economic development. "Non-commercial considerations" need to be present in the minds of the managers themselves, if the enterprise is to contribute its quota, most effectively, to the achievement of national plans. While apparatus of self-criticism may usefully be "built into" the enterprise, a systematic investigation into weaknesses and a scientific measurement of managerial performance can be carried out alone by specialists from outside or from within. To compel an inefficient management to become efficient is impossible, for in attempting to do so one inevitably undermines that authority which is one of the preconditions of efficiency. If management persistently refuses to accept well conceived recommendations for its own improvement, the

remedy is not to convert them into orders. It is to get rid of the existing management and replace it by a better one—always assuming that a better can be found. As regards the price policies of public enterprises becoming the sport of political pressure groups, there is no guarantee against this apart from intelligent politicians with honest policies. Nevertheless, the likelihood that decisions will be sensible and well-informed may be increased by the establishment of advisory organs expertly staffed, and by a statutory requirement that the Minister should consider their recommendations and, if he decides to modify or reject them, publicly explain his reasons for doing so. Again, in under-developed countries, where conditions in private enterprise are often very bad, because employers are thinking in terms of quick profits and have little sense of social responsibility, the case for public enterprise's acting as a pioneer in introducing the very best practices that the economy can afford is very strong—so long as it is not carried to the extent of creating a highly-privileged or "feather-bedded" sector of the industrial community.

Section I also contains the following observation, of doubtful validity: "In India, a decision has recently been taken to establish standing committees, predominantly ministerial in composition, to organise and control 'teams' which will carry out investigations of public enterprises, including inspections 'in the field'."

Section II deals with "Measurement of Management" and is based on the paper prepared for the Seminar by Prof. H.K. Paranjape of the Indian Institute of Public Administration.

"Some Aspects of the Management of Public Industrial Enterprises in the ECAFE Region" are discussed in Section III; Sections IV to XI deal with selected administrative problems of public enterprises in Burma, India, Indonesia, Japan, Korea, Pakistan, Philippines and Thailand.

* * *

The findings of the Seminar are given in the last section. The Seminar was of the view that the remedy for the tendency for excessive criticism and concern by Members of Parliament lies in their being better informed; that some governmental control over prices is inevitable; that the need for extensive delegation of powers to top management must be fully recognised, as also the necessity of a continuous appraisal of performance through various methods and devices, not in a piecemeal way but under a coherent system; that in the selection of personnel for promotion greater emphasis should be placed on competence and performance than on academic qualifications and seniority; that and the balancing of age groups within the enterprise is a problem of particular importance to a developing country, in view of its need to use to the full all available managerial talent.

INDUSTRIAL ENTREPRENEURSHIP IN MADRAS STATE:
By JAMES J. BERNA, Bombay, Asia Publishing House, 1960, xvi, 239p., Rs. 18.

This is a valuable addition to the scarce empirical material on industrial entrepreneurship in India. The monograph is based on a study, made in 1957, of fifty-two manufacturing firms, employing between fifty and two hundred and fifty employees, and engaged in various kinds of light engineering production in and around Madras City and Coimbatore; light engineering was selected

because of the important bearing it has on the future industrialisation of India. Among the important findings of the author are that the entrepreneurs studied sprang from varied economic and social backgrounds—men with trading background (the largest single occupational group, 28.8%); trained engineers (the second largest group); rural artisans, former factory workmen, cultivators, and established manufacturers. Sociological factors, such as caste, attachment to traditional activities, were found to be less important than economic factors like access to capital, business experience and technical knowledge, though the social structure and community relationships have had great influence in determining access to capital and knowledge.

Nearly half the firms studied were established as small repair and odd-job shops, many of them with an investment of only a few thousand rupees and six or seven employees and with very little technical knowledge, and were developed over the years into the medium-size enterprises, which showed the entrepreneurs' initiative and enterprise to exploit the opportunities, willingness to plough back earnings and assume the risks involved in expansion. The growth of enterprises was achieved in the face of great obstacles like acute shortage of basic raw materials, unavailability of skilled labour and technicians, shortage of working capital and constant and serious labour trouble. Entrepreneurs showed a defeatist attitude toward labour relations and tended to place all blame on outside "meddlers" and "Government coddling" of workers through social legislation and restrictions on employers' right to discharge.

Performance in the area of technological improvement was

less impressive, due to lack of technical knowledge, unfamiliarity with work-methods study and inability to secure the co-operation of workers. Many entrepreneurs were active in diversifying production and in shifting into new lines of activity. Entrepreneurs' mobility was rather excessive; the shifts appeared to be aimed at strengthening firms and improving competitive position.

The author concludes with emphasis on the urgent need for adequate facilities for long-term credit to medium scale industry and for greater assistance for technological improvement, less through government-organised programmes and more through "industrial co-operative" as exist in Japan.

HOW UNITED NATIONS DECISIONS ARE MADE; By JOHN G. HADWEN & JOHAN KAUFMANN, Leyden, A.W. Sythoff, 1960, 144p., Rs. 22.27.

The book examines the decision-making machinery for *economic questions* in the United Nations and the forces and the procedures which impinge on the decision-making process. Chapters I and II are introductory and deal with the organisation and working of the various U.N. bodies active in the economic field and of delegations of member governments. In Chapter III are analysed the various general factors which influence the U.N. decision-making process. Chapters IV & V discuss the motivating forces behind the post-war drive for international economic aid, and the story of the Special United Nations Fund for Economic Development (SUNFED) and the Special Fund. In the last Chapter, the authors attempt a more detailed description of how *one* specific decision relating to the Special Fund was taken, to indicate the amount of detailed negotiations

which take place at the U.N. and to show how, with relatively modest effort, divisions potentially harmful to the success of U.N. programmes are avoided. Without the support, of some kind, of the Great Powers, any resolution is in difficulties. No delegation can steer through anything entirely on its own; it must work with others and sometimes a little modesty will yield good results. The U.N., like most parliaments, tends to reiterate old decisions unless fresh action is required by important new circumstances. Few decisions are genuinely non-controversial, although many are claimed to be. Experience with the subject, skill in presentation, fluency and timing are the tools required of the successful U.N. delegate.

The chief danger to the U.N. is not destruction but decline; unless regarded as a normal channel for the consideration of international issues, not as an abnormal channel used only in emergencies, its value will certainly diminish. Too much should not be expected of the U.N. because it is as imperfect as are the representatives and governments participating in international affairs. The U.N. diplomacy is complicated but challenging. There is ample opportunity for constructive action by individuals, delegations and governments.

WORK IMPROVEMENT; By GUY C. CLOSE, JR., New York, John Wiley & Sons, 1960, ix, 388p., \$7.75.

The book is intended for a supervisory work improvement class in a college, full-time professional training directors or consultants, office and service organizations as well as industrial plants, and as a practical reference for the industrial supervisor, foreman, or businessman. It is divided into five major parts. Part I is meant to build the proper mental

climate for an approach to cost reduction. The methods of selection and definition of the work problems to be solved are considered in Part II. The third part contains instruction in the use of the various analytical tools available to record and study the details of the problem. Principles and methods of the creative activities are explained in Part IV. Ways and means of getting action on the selected method or application are discussed in Part V.

Work Improvement, we are told, is not only a series of techniques but also a philosophy of work, requiring the application of higher common sense, our best intellectual judgment. A 6-step approach to the problem is put forward. The steps are : aim, observe, question, think, decide and act. The questioning attitude is of prime importance.

The principles of motion economy can be profitably applied in the following five areas—the use of the human body; the work-place; tools and equipment; materials handling; and the conservation of time. Practice, hard work, and persistence are required to improve ability in creating new ideas. “.....you can buy a man’s time, you can buy a man’s physical presence in a given place; you can even buy a measured number of skilled muscular motions per hour or day. But you cannot buy initiative; you cannot buy loyalty; you cannot buy the devotion of hearts and minds. You have to *earn* these things”.

THE FEDERAL GOVERNMENT AND METROPOLITAN AREAS; By ROBERT H. CONNERY & RICHARD H. LEACH, Cambridge, Harvard University Press, 1960, x, 275p., \$4.75.

The volume comprises one of the studies under ‘The Government in Metropolitan Areas Project’ under-

taken by the Governmental Affairs Institute, Washington, D.C. Surveying the federal programmes in metropolitan areas, the authors find that the approach of the federal government in the U.S.A. to urban problems has been not only piecemeal but, with few exceptions, *through* the cities which are hardly co-eval with metropolitan areas. With rare exceptions, metropolitan areas have no corporate existence and cannot receive grants except small grants for planning under recent housing acts; they neither have any governmental organizations for spending the grants. The federal programmes lack co-ordination; they have not been well timed to suit the limited resources of local governments. Nowhere in the federal administrative organization is anybody charged with the responsibility for presenting the urban, metropolitan point of view and nobody in the federal government or out of it knows what the total impact of all the federal programmes upon metropolitan areas is.

The problems of metropolitan growth have received inadequate attention from the U.S. Congress, the President, and the pressure and interest groups. The authors examine in detail the case for and against the creation of an executive department of urban affairs and conclude that the proposal is neither administratively feasible nor politically desirable. There is much greater need for a presidential ‘staff’ agency than for a new ‘line’ department. A Council, of three to five full-time members, on Metropolitan Areas should be established by statute in the Executive Office of the President to organise a programme of continuing research on the impact of federal programmes on metropolitan areas, and to collect data, ask questions, and make recommendations to the President. Further, the

President should submit an annual report to Congress on metropolitan problems, just as he does on the economic state of the nation; and there should be set up a Congressional Committee on Metropolitan Problems, to which the President's report could be referred for study and action. Federal programmes having a bearing on metropolitan problems should be re-examined to assure better co-ordination and to provide the maximum flexibility and a minimum of standardization as to detail and procedure; the grant-in-aid programmes should encourage the creation of larger units of government to fit present social and economic realities in metropolitan areas; the federal government should assist in the preparation of plans by providing technical aid, information, and financial assistance; and it should require all federal and federal grant-in-aid programmes, including highways and recreation, as well as housing and urban renewal, to be related to comprehensive metropolitan plans. The federal government should recognize its special responsibilities by offering incentives to the states to co-operate with one another and with the federal government in attacking particular problems on an area-wide basis.

PARLIAMENTARY DEMOCRACY OF INDIA—A Critical Commentary; By K.V. RAO, Calcutta, The World Press, 1961, xvi, 369p., Rs. 18.50.

The present study aims at a re-examination of the Constitution of India with a view to adopting it to the future aims and aspirations of the Indian people and the future of democracy in India. The different parts and provisions of the Constitution are reviewed in the light of what the framers of the Constitution had in mind and of the actual working of the Constitution. The author finds

the Constitution very elastic. Despite some definite federal features the Constitution provides for a very strong Centre and in practice India has been functioning as a unitary state (particularly in the context of economic and social planning and Central grants and loans) not only in times of emergency but also in normal times. The author fears that the particular weakness of the Constitution is that it will create constant friction between the Centre and the States, not on the legal plane but on the political plane. "Our Constitution really consists of more democratic institutions than any in the world—one for each task, enjoying autonomy—and in this list come also such institutions as the Auditor-General, Election Commission, Public Service Commission, etc. But the worst part of the Constitution is that, in some way or other, the utility of these institutions has been largely reduced, and their independence compromised by some device or other, and every one is made subordinate to the discretion of the Central Government; and the strong Central Government is expected to be checked by a weak Parliament..." "A new ruling class of families, backed by powerful vested interests, having a monopoly of supplying politicians and officers, is emerging; and this is a source of danger to the infant republic..." "The individual citizen is helpless against the rich man and against administrative tyranny that can go high up to the Supreme Court."

After examining the different issues involved, the author concludes that the Indian President is perhaps the most powerful executive in the world excepting Russia. In support, the author cites the provisions regarding the ordinance making power, declaration of emergency and suspending of fundamental rights and provincial autonomy. On

the important question, viz., whether the President of India has to exercise the enormous powers given to him in his own independent discretion or on the advice of his ministers, Dr. Rao concludes that the executive authority is split up between the Cabinet and the President, one immediately responsible to the Parliament and the other ultimately responsible.

Chapter X on "Other Problems of Democracy" deals, among others, with the public services and the public service commissions. The author considers that the problem of the services did not get that amount of attention from the makers of the Constitution which it deserved. He is doubtful whether there is ban on the appointment of the members of the public service commissions as ambassadors and ministers. The "possible executive patronage in all cases of the Judiciary, the Service Commissions, and the permanent services, is in fact the 'Curse of our Constitution'."... "If a member of the judiciary or a high placed officer can look forward to being a Governor or an Ambassador, ordinarily he cannot act as an impartial officer." Again, "There is nothing to protect if a Prime/Chief Minister wants to dismiss an officer, reduce him in rank, or not to promote him (in the interest of the security of the State), except the former's sweet goodness."

And finally, Dr. Rao advocates the amendment of the Constitution

(i) to supply 'auto-propulsion' to the various institutions, and (ii) to make the democratic institutions really independent or autonomous in their own sphere.

ADMINISTRATIVE REFORMS;
By VAVILALA GOPALAKRISHNAYYA, Hyderabad, Amaravati Press & Publications, 1960, 40p.

The booklet contains some suggestions for administrative reforms in Andhra Pradesh, made by the author in his memoranda to the State's Economy Committee (1957) and the Administrative Reforms Committee (1960). These include transfer of the functions of Secretariat to "Policy Wings" to be set up in the Directorates; more effective advisory committees than at present constituted; rationalisation and revision of service rules, codes and manuals; abolition of the Revenue Divisional Officers; transfer of all items of administration to Zilla Parishads with the District Collectors as Secretaries and Chief Executive Officers; organisation of periodical co-ordination conferences of the Heads of Departments; scrutiny of sample work of employees by Promotion Committee in assessing merit for purposes of promotion; inclusion in the Promotion Committees of the representatives of the employees on the Whitley Councils to be set up; and emphasis on training of directly recruited candidates in the district headquarters.



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THE ROLE OF THE CENTRAL SERVICES IN ECONOMIC DEVELOPMENT*

C. D. Deshmukh

AS a member of the Indian Civil Service in the past, I have been many things in turn but primarily and essentially I am an Administrator and my deepest interest lies in all matters connected with the state of Administration. This interest has been reinforced in recent years by my association with the Planning Commission. As the Chairman has said, Administration is the key to all planning—I would go even a little beyond this and would say that management and administration are at the centre of all human affairs, that is to say, whatever might happen in regard to scientific discoveries, the evolution of technology, the formulation of values in life, finally, in the life of a community, all matters which are formulated as policies have to be translated into action and that is the proper field of management and administration.

Although this is very clear, once you come to think of it, it is surprising in how many contexts this basic truth is liable to be overlooked. You may take any current controversy or any matter of topical interest, such as, for instance, "democratic decentralisation". In all discussions regarding a matter like this, namely, "democratic decentralisation", I found a tendency not to go below the surface and to realise that even when power is delegated or devolved to a series or hierarchy of democratic institutions, all these institutions are, in a sense, policy-making organs and not executive organs in the real sense. In other words, a number of people can only decide policy. A number of people, however capable and however well-informed or well-intentioned, can never be trusted with the actual execution of any proposal or any project. That work of implementation has, in the final analysis,

*From an address delivered to the Central Secretariat Service (Grade I) Association, on November 22, 1960.

to be entrusted to an individual, an individual whose rights and responsibilities are carefully regulated, who can or should be an idealist and who can be held responsible for any individual failure. That system of management or administration is best which ensures that there is adequate devolution of powers, adequate delimitation of responsibility and adequate provision for reviewing the performance of all the bodies concerned and all the individuals concerned from time to time. The clearer the sphere of responsibility of an executive, the easier it is to trace any shortcomings to rectify them and, therefore, to implement to the optimum extent any project that may be in hand.

In recent years, my connection with the field of administration has been somewhat academical although I have, I suppose, through force of habit, retained my interest in actual execution of projects or implementation of plans. Most of my addresses in recent years, barring perhaps two or three, have indeed been to Unions or Associations who are not primarily concerned with administration, that is to say, either bodies of students or bodies of teachers, but there is one point to which I have always attached a great deal of importance in speaking to such bodies, and that point is the precise aim and object of a Union or an Association. Owing to variety of reasons, and I suppose primarily due to the hard conditions in which most of us live, especially the teachers, or even the students, to refer to the particular cases, there is a tendency on the part of Unions or Associations to focus attention more on grievances, especially of a financial nature, and to fail to devote adequate attention to the responsibilities and the duties of the members of the Association. Latterly, both amongst students and amongst teachers, I have noticed a welcome trend to pay some attention to this neglected aspect of the aims and objects of Association and I have been delighted to observe the many instances in which they, particularly the teachers, have convened conferences not primarily for agitating their grievances but for the discussion of their professional problems and for promoting measures which would enable the profession to give of their best to the common cause, in this case the cause of higher education. The fact that you have been good enough to invite me this evening for a talk like this is, to my mind, a welcome proof of that. I understand that this is what your Association also under the conscientious guidance of my old friend and colleague, your President, have also turned their mind to, the basic and fundamental matters, namely, the responsibilities and the duties of public servants like yourselves. Such a realisation does not come too soon in this country because, as you are yourselves aware, the whole social milieu, the whole complex of political and administrative organisation, has changed almost beyond

recognition since the advent of Independence and right from the beginning of that event.

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In the old days under a colonial regime, the duties of the administration were fairly restricted and there were no factors making for complications such as the existence of a democracy responsible to their elected representatives. Today, the situation is vastly different from those days. There is, in the first place, a series of plans for the economic and social development of the country deliberately undertaken by our Governments, both the Central and the State Governments together, and there has also been *pari passu* a proliferation of the operations of Governments themselves—not only their extension into what used to be a sphere of private activity but also in regard to the relations of that private activity with the organs of Government, at innumerable points. This complexity became clear to some of us right in the beginning of the Plan period and even, I might say, without consulting the presiding deity, namely, the Home Ministry. As Finance Minister, I made bold to get the Ford Foundation to be interested in providing the services of an expert to review our field of administration with special reference to the implementation of our Five Year Plans. The visit of Dr. Paul H. Appleby was the result of this idea that had occurred to me and the step that I had taken and some of you who are students of the art of Administration might have had occasion to observe that the First Report of Dr. Appleby was transmitted to me and through me to the Government as well as to the Planning Commission. So encouraging was this first step that the Central Government, particularly the Prime Minister, were convinced that these problems deserved deeper study at the same hands and it was with their concurrence this time that Dr. Appleby was invited to visit us again, and it is my opinion that in many respects his Second Report goes to the heart of things very much more than was possible for him to do in the First Report, especially in that portion which relates to Parliament or the Legislature and the impact of the Theory of Ministerial Responsibility on Administration.

Two of the important results of the acceptance of Dr. Appleby's recommendation were: one, the establishment of the Indian Institute of Public Administration and the other the establishment of the Organisation and Methods Division in the Cabinet Secretariat. I believe that many of you are members of that Institute of Public Administration and have, therefore, the opportunity of deepening and widening your own thinking in regard to the complex problems of modern Public Administration. I have no doubt that in some way or the other you have also to take an interest in, and certainly to respond to, the

suggestions of the Organisation and Methods Division; and I have also no doubt that so far as the technique of work is concerned, it must now be bearing the impress of the continuous operation of both that thinking, to which I referred to, and the influence of the Organisation and Methods Division. I do not propose to go deeper into this matter because I assume that you are well aware of all that is passing and I also feel that there is not very much that I can say on problems connected with a study of administration in general or of the operation of the Organisation and Methods Division in particular. A word is, however, necessary to indicate why it is of more than ordinary importance that of all Services, the Central Administration should be well aware of its duties and responsibilities. The reason is that the Centre in our country is the centre of planning for the whole country.

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Opinions may differ as to whether India has a Unitary or a Federal Constitution. Indeed I believe, it is correct to say, that throughout the Constitution of India you will not find a single mention of the word "Federation"; it is always the "Union". Whatever the legalistic position may be, there is no doubt that either directly by virtue of the Constitution, or indirectly by being in possession of ampler financial resources, which can be placed at the disposal of State Governments for desired ends, the Union Government occupies a position of primacy in regard to the country's administration. It is realised, of course, perhaps quite clearly, that the implementation of much that is significant as, for instance, the production of agricultural commodities, lies in the spheres of jurisdiction of the State Governments and over a large portion of the plan, the implementation in detail has to be attended to by the State Governments and its officials. But the formulation of policy, the promulgation of periodical plans and the necessary financial clearance are all matters that are attended to at the Centre. But over and above this question of planned development, there are, of course, the non-plan activities of the State and here, as one would expect from the world point of view, some of the more important fields of activity are those that have been entrusted by the Constitution to the Centre. You have only to name some of the Departments or Ministries in order to realise how important this field is—External Affairs, Defence, Scientific Research, Commerce and Industry. Now these are fields which are essentially those of the Union Government. Then there are co-ordinating and promoting activities centred in the Departments of Food and Agriculture, Community Development, Co-operation, Labour, etc,

Further, as I have said before, in addition to implementation, there are the hundred and one things which the non-official has to take up with some Ministry or some autonomous body or another of the Central Government and the quality of the administration perhaps is judged by the public not so much by the implementation of the plans, the implementation being largely in the State field, but by the way in which the Central Government and its various organs deal with the public and if there is any discontent or even if there is any backwardness in progress, in most cases, after careful analysis it will be found to be related to the way in which the Central administrative machinery deals with these hundred and one things in which the non-officials, whether individuals or corporate bodies, or registered societies, have to clear matters with the Central Secretariat, or other organs like autonomous bodies; and that is why, in my opinion, it is very necessary that those who are part of that Central Administration must clearly realise their responsibilities. In other words, the country is, or will be, judged by the world perhaps in the long range by the way in which it formulates and implements its plans, but currently and, in the short term, by the way in which it is able to clear the daily business as it arises without partiality, without delay, and as fairly and as expeditiously as it can.

Now, here comes the complex situation created by the existence of a democracy and the existence of Ministries responsible to the Parliament, or indirectly to other Legislatures. It is here that a great many difficulties arise. Again recalling the old order, one could see that right up to the top it was one unbroken and, more or less, cognate hierarchy of officials, you might say right up to Viceroy or the Governor-General—all essentially connected with administration and, therefore, there was no great distinction between policy-making and implementation of policy measures. But, in a democracy, we have to learn to distinguish between these two, or, to put it the other way round, it is conventional or customary to draw a distinction between policy-making and the implementation of a policy. In the classic democracies of the world as, for instance, in the United Kingdom, or in the United States of America, this distinction is fairly closely observed, that is to say, the bureaucracy understands very well that its business is to help the policy-makers in implementing to the best possible extent any policy that may be laid down, although here, that is to say in the advanced countries, there are different patterns in existence. In the United Kingdom, as you know, it is conventionally regarded as sound to have an uninvolved and uncommitted bureaucracy, that is to say, a bureaucracy which is loyal only to its own professional ethics but which is not primarily concerned with policy-

making—that being the function of a Minister, to be discharged after whatever consultation the parliamentary procedures provide, by the legislative organ. In such a country, the bureaucracy is not disturbed while changes in party Government take place. On the one hand, in the United States of America, it has been in the past, at any rate, the habit, or the practice, to change a very large part of the bureaucracy, I suppose, in order to ensure that the necessary enthusiasm and the necessary fervour would be imported into the operations of the bureaucracy when a change of party Government takes place. I believe it is correct to say that even in the U.S.A. now it is realised that this process of allowing incursions with every change in party Government can be carried too far and, therefore, I believe that the original system is gradually, perhaps imperceptibly, being modified. That is to say, there is a modicum of permanent services who would not be disturbed, no matter what change takes place at the top level.

We, as you are aware, follow the British prototype and it is for that reason that we forbid our bureaucracy from taking an active part in politics. That does not mean, of course, that as a citizen, a member of the bureaucracy cannot have any political opinions or cannot exercise his vote, cast a vote according to his own thinking at the time of elections. But it is his bounden duty to keep clear of active politics and he indeed is also to exercise a certain amount of restraint on his political emotions and it is only when this is assured that the advantages of keeping a permanent bureaucracy can be attained. This, of course, has its other side, the other side being sometimes on the part of new Ministers a feeling almost entirely undeserved, that the bureaucracy is not in sympathy with some new measure or some far-reaching change that they wish to introduce. I believe such a feeling used to be almost universal on the part of non-official Ministers in the old days, that is to say, before the days of Independence, even when the Congress Party first took office in 1937 and what could be regarded as a truly “representative popular government” came into power. There was many a clash between the Ministers and the bureaucracy, especially the higher members of bureaucracies who had necessarily to assist in the formulation of the policies, at least to help the Ministers in the formulation of policies. But as time went on, I believe that the respective positions were recognised by the Ministers on the one hand and the bureaucracy on the other and the latter gave proof that they were prepared to understand a new situation, to apply their mind to that situation irrespective of what their private inclinations might be and to help the Minister as much as they could in giving a proper shape to his ideas, which were often hasty or incorrect. But

this aspect continues to be of importance even now for the reason that ours is a nascent democracy. Now, what does this mean?

* * *

In a country in which independence has followed universal education, shall we say by about 100 years, as in the Scandinavian countries, or in the United Kingdom, one may be sure that the representatives of the people who usually come up through the elections are men who are fully able to manage men and affairs by reason of a similar experience in somewhat smaller spheres, as for instance, by having managed a business, or by having run a municipality, or a District council. In our country, such a section of representatives is not as plentiful as one would wish because of historical reasons. One reason, of course, is that those who fought for independence had to take part in a fairly longish struggle, sometimes, or very often, at the cost of their own particular vocation, whether it was that of a lawyer, or a doctor or even a businessman, or a chairman of a corporation, or a municipality. Therefore, there was a tendency for people after the achievement of Independence to come to the seat of such power without adequate experience of the management of men and affairs. The other reason, of course, is the basic one that the total field of people who have been coming up through the legislative machinery does not contain an adequate proportion of people with the necessary innate intellectual qualities, not to speak of educational attainments. These things have to be noted because there is no way by which one can hasten the course of history, or the speed of maturity of a people in a situation like this. It has to be noted because the situation does pose a problem to a civil servant and, in my opinion this is the central problem in Indian democracy today, that is to say, in the highest seats of power—I am not now talking of the Central Government, or a State Government, or any particular State Government—but of the position generally.

As compared to other countries, one is apt to find here people with insufficient experience of the management of men and affairs, which is the essential function to be discharged by an executive, no matter what system of democracy we are operating. My point is that, taking a minister's position, that position was formerly held by someone who was very highly educated, who had passed through, or gone up the ladder, or passed through the ordeal of learning his work and who, therefore, was very competent in understanding the basic elements which went into the formulation of a policy. Of course, there was this defect in that arrangement, which is characteristic of a dependency, that there was no indication of whether any particular policy will be such as would be approved of by the people. In the present

arrangement, we have reversed the situation, that is to say, we are more or less sure that those who wish to undertake a policy, or undertake a measure, are pretty well sure, or pretty well confident, that what they want to do is something that will please the people. Whether that is in the best interests of the people or not, is another question, but so far as the likes and dislikes of people are concerned, one might be quite sure that there is almost an excessive recognition of the importance of the approval of the people. But herein lies the danger of the situation so far as the public servant is concerned. The public servant certainly does know now what the people want. The public servant is, as things stand, in a far better position even as management of men and affairs goes, to form an opinion and it is his business to offer advice, without fear and favour, to his Minister so that the common good may be furthered and not hindered. It is here that often clashes occur. If a civil servant is conscientious, besides being able, he succeeds, and it is here that a civil servant who is not vigilant about his own duties, who is inclined somehow to control his conscience for the sake of promotion, or bettering his prospects, is apt to succumb. Then there is a third position, which is undesirable and arises in respect of some unthinking civil servants, that is, in many cases because of the general range of ability and experience of ministers, the minister is apt to take an undue interest in trifling matters, such as, transfers or promotions, and to leave in the hands of his bureaucratic subordinates the matters of real significance, including even the formulation of policy. That also is a situation which is not too good for the bureaucratic help of the civil servant because, men being what they are, people either get to be too masterful—shall we say in a Ministry—or too arbitrary and alas, in a few cases, sometimes indolent and prone to stalling things. Now these are the dangers which civil servants have to guard against. That brings me to the main controversy.

In regard to the state of the administration and the efficiency of the implementation of plans, on the side of the Ministers, it is often stated that if there is any failure, it is because the civil servants do not support them properly. On the other hand, on behalf of the civil servant, it is argued that because the Minister either fails to give a guidance, or sometimes gives the wrong sort of guidance, that bad implementation takes place. In other words, the Minister expects the civil servant to be good, whether he may be good or not, and the civil servant expects the Minister to be good, whether he is good or not. Now I consider this as a very unnatural situation and, on many an occasion, I have stated that unless the head is good the body cannot be good. That is no encouragement, of course, to civil servants to be bad, but it is a kind of administrative physiology. In other words,

if the head, which is a functional head—you must recall what I said in the beginning that the essential feature of all human affairs is management—is not up to its job, the job will suffer. If a person of the same capacity is managing not a Government business but a private business and if he does not have the qualities necessary for success, that business will probably face the bankruptcy court within a limited period.

In other words, there is no way, functional way, of getting round the lack of efficiency in people occupying the top positions. That is a truth which is not often realised, and, mind you, that is not a question of the ability of the civil servants. It is my view that however good a civil servant may be, he is apt to be demoralised if there is a weak head, shall we say, of the organisation. That does not mean, of course, that he must let things take their course, and it is here that the duties of an association like yours comes in. In other words, special efforts have to be made by the members of the Association to supply what is wanted to rectify what is wrong. In a sense, this situation is parallel to what exists in my special work which is that of higher education. As you know, I am often called upon to advise the students to be good citizens, to be all that is ideal in the way of a fully developed personality, and yet I have always an uncomfortable feeling that when a young man or woman is launched on his career in the world, he finds himself in a situation which does not reflect in his conduct all the good things that have been given to him in advice. That is to say, the general edifice of society is quite different from what he, in his youthful fervor and enthusiasm, is led to think. The result is a great deal of shock, if not frustration, and in a few years' time you find the young person indistinguishable from his somewhat inferior older generation.

Now what I want is that that situation should not repeat itself with people who are of a maturer age and who have the privilege to occupy some important place or the other as members of the Central Secretariat Organisation (Grade I). They are the people, so to speak, next below those who occupy the highest posts and it is for them, therefore, to remember all the ethical code, all the doctrines of efficiency in administration, that they have ever heard, or read, or thought of. In other words, very special effort is needed on their part if they have a spirit of patriotism in them, as I assume they have. In other words, a great deal of reflection and self-restraint is demanded on their part, for the simple reason that the other part of the equation it is not for them to correct and indeed a certain historical course of events must take place before it can be rectified. It is the fault of nobody. I should say that this is a handicap which India has to

carry because of the evolution of our history, particularly because of the dependence of the country over a century which robbed us of the opportunity of expanding the life of the community. Therefore, it is that we have this situation. So, that is what I think is the essential feature of the duty of the organisations like this, apart from duties of individuals. That is to say, they have constantly to remind themselves that they are the citizens of the country first and occupiers of some bureaucratic office afterwards, and that each failure on their part is going to make a black mark in the progress of the country, that is to say, it is going to hinder the total progress. And I do not think it is necessary for me to point out that, at the moment, we are in a fairly difficult situation, a situation the difficulties of which are not likely to diminish as we go forward.

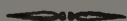
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India is amongst the most indigent countries of the world and there are certain long range problems which we have not yet begun to tackle very effectively, namely, soil erosion and the increase in population. And these spell a very great danger. In any case other countries which are more favourably situated, or elect a form of Government which introduces a great deal of regimentation on people, are in the short run, at any rate, much better placed and that again spells another kind of danger for our country. Therefore, it seems to me that on the part of every one, particularly on the members of the Civil Services, a great deal of reflection and a great deal of conscious and positive and collective effort is needed if we are to advance. I do not wish to place the entire responsibility on the Services. As a kind of uncommitted individual, I have also been advising, or offering advice to, Ministers which, I am sure, will not be accepted, namely, that the only way to correct their side is, in the first place, to see that tickets for the elections are given only to deserving people; secondly, out of those who come up with the support of the public, only those who have the basic qualifications, education, inherent talents, a certain amount of experience in administration, should be elevated to the posts of Ministers; and I have gone further and said and advocated that if the number of such people is limited, then it should be permissible to the Government to enrol the services of people from outside who need not necessarily be confined to the Party. My view was that since the country is more or less united on this major target objective, namely, the implementation of the Five Year Plan, and since there is no difference at the fringe, shall we say, in regard to defence or foreign policy, there is nothing to distinguish, in reality, between the tenets and the practice of one party from another and, in any case,

there is a large number of people who, either for temperament, or for lack of resources, because it costs a lot of money to contest an election, do not wish to fight an election. Nevertheless, it should be the endeavour of the Government to enlist their assistance in order that this basic business of carrying on the administration should be conducted in the optimum manner, that to say, in the best possible manner, because the time is running out and the world is progressing in many directions at an almost breath-taking pace and, in no time, unless we are very careful, we shall find that the situation has deteriorated beyond rectification. It is on this note that I should like to close my address.



"HOW TO GET A HEAD IN CIVIL SERVICE"

(Alma Mater Song)

Oh, if you can't decide, and I can't decide,
Then why decide today ?

Give the whole thing, to some underling,
And make him earn his pay.

When he brings it back, point out its lack,
Ask what took so long.

Pick all your nits, tear it to bits,
And join us in our song:

Chorus :

If you picka nit, lak ah picka nit,
And we picka both the same,

We'll be secure, we'll long endure,
And we'll never take the blame.

From "*Come With Me To Macedonia*"
by Leonard Drohan

PARLIAMENTARY CONTROL AND ACCOUNTABILITY OF PUBLIC UNDERTAKINGS*

H. C. Dasappa

THOUGH there have been a few public undertakings before Independence such as the Railways, some Defence factories and Port Trusts, they have grown since then both in number and importance and show a tendency to increase. At present there are about 15 statutory corporations and 45 Government companies. Besides these, there are a number of departmental undertakings. The funds for these undertakings come from the Consolidated Fund of India and they are voted by Parliament but the former two categories enjoy a measure of autonomy; they are not answerable to Parliament in the same way as departmental undertakings. These public undertakings being autonomous in character, do not form an integral part of the Government departments and therefore do not fall under the pale of normal accountability of the Executive to Parliament. Their very composition is such that they should be run normally on commercial lines, which require a fair measure of autonomy in their working. If without subjecting them to the continuous searchlight of public criticism on the floor of Parliament, they should yet be accountable to it, then the quieter though more effective method is to subject them to a review by a Committee of the Parliament.

It has increasingly been felt by Parliament that some ways should be devised to ensure their accountability. How the monies voted by Parliament are spent—whether they are well laid and due economies are observed—these are the matters which naturally exercise the mind of the representatives of the people.

The work relating to the examination of public undertakings has been done by the two existing Financial Committees of Parliament—Public Accounts Committee and the Estimates Committee. The former concerns itself to see that the monies have been well spent basing their suggestions on the strength of the audit reports of the Comptroller and Auditor-General except in cases where his authority does not cover direct audit like the Life Insurance Corporation. Parliament is however interested to see that the expenses “currently incurred” are “economically and technically avoidable” and that

*Text of a talk delivered on December 7, 1960, at the Indian School of Public Administration at the Hindustan Steel Junior Officers' Training Course.

the "management has been efficient in performance" and it is here that the Estimates Committee comes in.

The Estimates Committee in India from its inception has not excluded from its purview the examination of public undertakings. But it did not have sufficient time to cope with the increasing number of public undertakings. Moreover, it has been felt that the nature of the examination of public undertakings should be different from that of the departmental estimates involving, as it should, the financial transactions and not so much the estimates. With this end in view, a demand was raised in Parliament several times for a separate committee to look into the affairs of public undertakings more or less on the same lines as the Public Accounts Committee and the Estimates Committee did. The first start was made in 1953 when Dr. Lanka Sundaram, M.P., moved for a separate committee. Later in 1956, Shri G. D. Somani urged for it. In the same year at the time of the consideration of Life Insurance Corporation Bill, the point was strongly emphasised by the Members of Parliament. They cited the example of the Select Committee on Nationalised Industries in the Parliament of the U.K. The then Finance Minister, Shri C. D. Deshmukh, while agreeing to the demand for a separate committee in principle, suggested that the work of examining the public undertakings might be entrusted to a Sub-Committee of the Estimates Committee. It was as a result of this suggestion that, during the time of my predecessor, Shri B. G. Mehta, a Sub-Committee on Public Undertakings was appointed by the Estimates Committee. While in the beginning, it did not enjoy the powers of the main Committee for the purpose of examination of witnesses etc., in 1959 those powers were given to it; and now along with the annual election of the Estimates Committee, consisting of the Members of the Lok Sabha, a Sub-Committee on Public Undertakings is also appointed from amongst the members of the main Committee. For all practical purposes, the Sub-Committee acts in the same manner as does the main Committee, except that on conclusion of the examination, its reports go before the whole Committee for final adoption.

The Sub-Committee has completed one year of its work and is now running its second year. Though it cannot be denied that the Sub-Committee drew mostly upon the background and experience of the main Committee which had been examining public undertakings since its very inception in 1950, yet the Sub-Committee, charged as it is specifically with the task of looking into the affairs of public undertakings, in its very first year of formation, undertook special study of the organisational problems of public undertakings as well as the problems of their accountability to Parliament. This was

in addition to the specific subjects taken up for examination by the Sub-Committee, viz., the State Trading Corporation and the National Small Industries Corporation and the 'general' examination of certain other undertakings.

As a result of the special study, the Sub-Committee presented two special reports on public undertakings in 1959-60 : one on the subject of "Preparation of Budget Estimates of Public Undertakings and Presentation of their Annual Reports and Accounts to Parliament" and the other on "Public Undertakings—Forms and Organisation". These reports drew attention to several lacunae in the organisational structure and other financial practices of public undertakings; as also the need for securing a measure of uniformity in their structural organisation and preparation of their budgets, annual reports, accounts etc. They have evoked due attention in the concerned circles, both governmental and general public.

I may mention here that there are more than 60 public undertakings and it is obviously not possible for the Sub-Committee within the time at its disposal to examine all of them in a year. It has been decided therefore to take two or three of them every year for detailed examination and some others for 'general' examination. The idea in devising such an arrangement is that at least once in five years the Sub-Committee can cover all the public undertakings, subjecting some of them to a more detailed examination, and others to a general examination. The general examination of public undertakings is based on their published annual reports and accounts and an attempt is made to evaluate their performance and to assess the efficiency of the managements as reflected by the figures in their balance sheets and the profit and loss accounts. In fact, for the purposes of measurement of managements in industrial and commercial undertakings, financial data has become the normal tool in the hands of the reviewing authority. In certain cases, however, other criteria may be applied in judging and interpreting the financial results of an undertaking. While the higher management of a private concern would naturally go by its earning efficiency, in some cases of the public undertakings the Parliamentary Committee or its Sub-Committee would not be guided in its assessment by considerations of profitability alone. Nevertheless, normally this criterion of profitability is important in public undertakings as well because public judgment on their success is based upon this measure and especially on a comparison of their profitability with that of similar enterprises in the private sector, wherever the latter exist.

II

I would like to illustrate the approach of the Estimates Committee in this regard by taking an instance or two. The Estimates Committee in its report on Shipping Corporations presented in 1959 attempted a comparison of the profitability of the Eastern Shipping Corporation with those of other shipping companies in the private sector and suggested that it might explore the possibilities of improving its earnings and reducing its expenditure in order that the net profits could be reasonably good. The Eastern Shipping Corporation operates on good routes and there could be no reason for its operational results not being as good as the others on these routes, especially when there was no developmental aspect involved in its operations. Again, in the case of public undertakings where maximisation of profit is not the objective, a good alternative for measure of profitability would be that of reduction of cost. For instance, while conducting the general examination of the Hindustan Machine Tools Ltd., it was found that the prices of the various machines were fixed every year after taking into account all relevant factors including cost of production and the prevailing price of comparable machines from abroad. The company had neither declared any dividends nor had built up reserves and had also to borrow money at heavy interest. It had, besides, fictitious assets of about Rs. 56.80 lakhs to be written off. The Estimates Committee observed :

“In the circumstances the Committee are unable to appreciate the justification for reducing the prices, especially when there is stated to be no competition in such machines within the country.”

It should not be understood from this instance that the Estimates Committee was against reduction in price of the machines. In fact, it was actuated to make these remarks because of the overall financial condition of the company which had enabled the earning of profits. That different criteria may have to be adopted in regard to certain cases was indicated in the report on Shipping Corporations itself, where the Estimates Committee recognised that under certain circumstances profitability should not be the sole concern. The Committee observed :

“The Committee consider it desirable that in view of the fact that many of the State undertakings are not yielding profits and might not also be in a position to yield profits due to some of them assuming a social service character, there should be a separate organisation to evaluate the working of such undertakings independently of profit consideration.”

The idea of giving these illustrations is that the Sub-Committee, particularly in its general examination, is adopting an approach of a surveillance agency on behalf of Parliament and does not go into the questions of detailed execution of policies. They have attempted to evaluate the operational results of the public undertakings with the full realisation and consciousness of the circumstances in which they have to function. They have thus cultivated a pragmatic approach and shunned a doctrinaire attitude in dealing with the problems of public undertakings. I think, therefore, that the biggest advantage of a Parliamentary Committee charged with the task of watching the work of public sector projects lies in its non-partisan functioning. Surely, in my opinion, this is a powerful factor in the formation of correct public opinion on the one hand and right conception and execution of policies by the Government on the other. In this way, the Sub-Committee is a potential bridge between the legislator and taxpayer on the one side and the Government and Management of the undertakings on the other. This offers a fine attempt of public co-operation and understanding in democratic planning in which the expanding public sector under the Industrial Policy Resolution is destined to play a pivotal role.

A question may naturally arise in this connection whether the Sub-Committee on Public Undertakings should not have the benefit of expert assistance in their task. The Lok Sabha Secretariat has some officers of the Indian Audit and Accounts Department, but the question all the same remains. It is interesting to note that this aspect of the matter came up for consideration in the U.K. and the Select Committee on Estimates there discountenanced the assistance of experts and held that they should examine matters from a layman's point of view. The Estimates Committee here has no reasons to differ from this view. If it so thinks there is nothing to prevent a knowledgeable expert from being examined as a non-official witness.

Though the subject has been considered often enough and the parliamentary control is being exercised in the manner indicated above, the end of it all is perhaps yet to be seen. Recently, the Krishna Menon Committee on Parliamentary Supervision over State Undertakings has revived certain aspects of the matter. As regards accountability to Parliament it has pointed out the many ways open to Members, such as, questions, debates on any issue under normal parliamentary procedure in the discretion of the Speaker raised through motions of adjournment, censure, confidence etc., which, however, are not intended for dealing with matters of day-to-day administration. It says "In a Parliamentary Government these matters have to be left to conventions and to the authority of the Speaker." The

conclusion is, to put it in its own words, "Limitations in the above respect as well as the general expressed opinion on this matter in different ways in Parliament and elsewhere call upon us to make a suggestion that a Committee of Parliament should be established in regard to companies." The Committee should be elected by Parliament in the same way as Public Accounts Committee and the Estimates Committee are elected.

The nature and extent of parliamentary control is set out clearly in para 115 of the Krishna Menon Committee Report. I may quote it in full :

"Parliamentary control will become more real with the knowledge that Parliament will be concerned more with policy and with the advancement of the objectives of production as a whole and that it would take a long term view rather than concern itself with the minutiae of administration. It would not be the intention of Parliament that its control should be, or should appear as, a challenge or hindrance to the initiative of the man at the bench or at the desk. Parliament would desire its control to be real and gainful. The knowledge in the public mind and, even more, of those immediately concerned that Parliament is jealous of the standards of public conduct, which includes industrial conduct and that any serious breaches of them, irrespective of the immediate content involved, would attract Parliamentary attention is at once a wholesome corrective and an inspiration."

III

Having dealt with the nature and character of parliamentary control, both existing and as suggested in certain quarters, I would proceed to deal with the variety of forms of organisation of the public undertakings, which not only have inherent defects but create a hurdle for effective supervision such as is possible by the Parliament.

There are at present 45 companies and 10 statutory corporations which can come under the purview of the proposed Parliamentary Committee; I leave out concerns like the Reserve Bank of India, the State Bank of India, the Port Trusts. Apart from these there are the departmental undertakings the exact number of which is not known.

The first matter that strikes one in going through the list is the multiplicity of organisations of a like character, *e.g.*, (i) The Eastern Shipping Corporation and Western Shipping Corporation, (ii) National Mineral Development Corporation Ltd. and Orissa Mining Corporation and Indian Mining and Construction Co. Ltd., (iii) Oil and

Natural Gas Commission, Indian Oil Co. Ltd. and Indian Refineries Ltd. The tendency usually is to create a new organisation for a new task, which, according to Mr. John Kenneth Galbraith, means that all the problems of a new organisation must be gone through each time. Mr. Paul H. Appleby has also commented on the likely proliferation of special organisations within the Government of such number and variety as to be unmanageable by Government. The Estimates Committee has, therefore, recommended the utilisation of existing organisations to take up new activities in the line, and noted that the merging of the big three steel units was a desirable development. There are limitations to this approach. Where, for instance, a line of activity has the character of being or becoming huge and monopolistic and is not of strategic significance more than one unit may perhaps be contemplated.

It has already been noticed that these public undertakings are financed, in most cases, wholly by Government and provisions for investment therein are made in the Annual Budget. Parliament usually does not have a full picture of the project which is proposed to be financed and once funds therefor are appropriated, Parliament ceases to have any effective check or control over their affairs, for the layer or jurisdiction of the Comptroller and Auditor-General is also very thin and secondary. Moreover, it has been felt that unless specific approval of Parliament is taken, these companies remain the creations of Executive decision. Under the circumstances, while voting the budgets of administrative Ministries, Parliament is faced with a *fait accompli* in so far as these companies are concerned and, therefore, is deprived of the opportunity of discussing the merits or demerits of the project entrusted by Government to a company.

It will be clear that the form of organisation of Public Undertakings assumes great importance from the point of view of securing a uniformity of their pattern and accountability. As we have noted already, there are three types of public undertakings : (i) Departmental Undertakings—which are on par with normal Government departments and hence their accountability to Parliament is the same as of the other departments of Government. (ii) Statutory Corporations set up under specific Acts and the extent of accountability and the nature of Parliamentary control are indicated in the statute itself. Before according its approval to the Statutory Corporations, Parliament is fully appraised of the details of the project. (iii) Government companies which are set up under the Company Law under Executive decisions of the Government. It is the latter kind of public undertakings that lends itself to the least parliamentary control. The

Government is under no obligation to place before the Parliament the budgets of these companies to indicate either their past performance or future programme.

A Seminar on the subject was held under the auspices of the United Nations Economic Commission for Asia and the Far East, the United Nations Technical Assistance Administration and the International Institute of Administrative Sciences in March 1954 and its report sums up the position succinctly which I would like to quote :

“It appeared to be the unanimous opinion of the consultants at the Seminar that where an enterprise is wholly Government owned it should be set up in the form of public corporation or in some cases administered as a department of Government.”

The Estimates Committee completely agreed with this stand and felt that the company form should be an exception to be resorted to in special circumstances. The occasions are : (i) when the Government may have to take over an existing enterprise in emergency, (ii) where the State wishes to launch an enterprise in association with private capital, and (iii) where Government wishes to start an enterprise with a view eventually to transferring it to private management.

While holding the view that the Company form of a public undertaking should be resorted to only in the circumstances as set out by the Estimates Committee, it is suggested that whenever recourse might be had to it, a resolution seeking the approval of Parliament for the same should be moved.

It is also the opinion of the Estimates Committee that there should be a general law—a kind of a master charter—to regulate the organisational pattern of public undertakings, as exists in some of the Western countries, viz., U.S.A. and Canada.

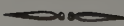
IV

I would now like to say a few words as to the content and form of reports of these public undertakings presented to Parliament. There is at present no comprehensive picture of the number of public undertakings, their total outlay and the net effect thereof on the national economy of the country. Even when the individual reports are presented, they give no clear picture of the performance and the programme for the future, nor even enough of particulars to appreciate the progress they have made.

It is noticed that in the matter of submission of annual reports and accounts of public undertakings to Parliament there is no uniformity in the sense there are some which are not required to submit them while in the case of others considerable delays occur in this regard. There are also a number of commodity boards whose reports are not required to be submitted to Parliament and only copies thereof are placed in the Parliament Library. Long delays in the submission of annual reports defeat their purpose, if they are not ready at least by the time the next year's budget is discussed in Parliament. It has, therefore, been suggested that the reports of a year may be submitted to Parliament prior to the discussions on the next year's Budget are held.

The reports should also be sufficiently informative and contain information on all aspects such as their physical and financial performance and programme, productivity, cost of production, price structure, employment trends, labour relations, organisational changes etc. As far as possible it is desirable to conform to a common pattern in presenting these reports.

It will be appreciated that the country has arrived at a stage when public undertakings are bound to play an increasing role in the economy. There is the utmost need to evolve a pattern which, while securing to these undertakings all the autonomy they require, should at the same time provide for their most efficient and the most economic working, keeping in view the national and social objectives.



THE MALAY ADMINISTRATIVE SERVICE, 1910-1960

Robert O. Tilman*

IN March 1910 there was created a scheme for the employment of native Malays in the administrative services of Federated Malay States.¹ Although, with the additional half-century of development, such a plan may seem modest today, at the time it represented a sharp departure from established policies. For the first time a plan looked toward the eventual employment of Asians in the senior administrative posts of the Federated Malay States and provided for the eventual integration of this new native administrative elite into the previously all-European Malayan Civil Service.² By comparison, the scheme of 1910 stands in marked contrast to the Colonial Office White Paper of 1946,³ but to an extent more real than apparent,

*The author wishes to record his indebtedness to the Social Science Research Council and the Duke University Commonwealth-Studies Center under whose auspices he did field work in the Federation of Malaya and Singapore from September 1959 to September 1960.

1. In 1895 four Malay States (Perak, Pahang, Selangor and Negri Sembilan) signed the "Agreement for the Federation of the Protected Malay States" [see Federated Malay States, *Correspondence Respecting the Federation of the Protected Malay States* (Taiping, Perak : Government Printing Office, 1896), p. 9]. They formally placed themselves under the protection of the British Government and agreed to accept a British officer whose advice they should follow "in all matters of administration other than those touching the Muhammadan religion." This grouping continued until disrupted by the Second World War; thus, on the eve of the Japanese invasion, there existed in the Malay Peninsula the Federated Malay States, the Unfederated Malay States (Jahore, Kedah, Trengganu, Kelantan, and Perlis), and the Crown Colony of the Straits Settlements (Singapore, Malacca, and Penang).

2. Without some explanation the term "Malayan Civil Service" may be misleading. The Federal public services of Malaya today consist of 61 different services on the Federation Establishment. The members of these services are liable for posting throughout the Federation, in contradistinction to state-recruited servants who are generally posted only within the state where they are recruited. Of the 61 different services, the Malayan Civil Service is but one service numbering today 300 members. The M.C.S., however, is far more important than its numerical size might seem to indicate, for, having inherited the British colonial tradition of an elite corps of administrative generalists, M. C. S. Officers are to be found filling key posts throughout the Government. The M. C. S. can be compared to the I. C. S. of India and the C. S. P. of Pakistan, whose rationale and traditions it shares. See L. S. S. O'Malley, *The Indian Civil Service, 1601-1930* (London, 1931); Shri A. N. Jha, I. C. S., "National Academy of Administration," *Journal of the National Academy of Administration* (India), January 1960, pp. 1-9; Ralph Braibanti, "The Civil Service of Pakistan : A Theoretical Analysis", *The South Atlantic Quarterly*, Spring, 1959, pp. 258-304.

3. Great Britain, Colonial Office, *Organisation of the Colonial Service* (London : His Majesty's Stationery Office, 1946). It was this White Paper that first spelled out in specific terms a new concept of colonial service toward which Britain intended to strive. "...The structure of the Colonial right man or woman can be put in the right place, irrespective of race or colour.... The future of each Colony rests ultimately in the hands of its own people, and substantial progress must depend upon the people themselves supplying the administrative and technical staffs...." [p. 4] For the earliest suggestion (which was not adopted) that natives might be recruited into the administrative services in Malaya, see Federated Malay States, *Correspondence Respecting the Federation of the Protected Malay States*, *op. cit.*, p. 27.

the policy enunciated in 1946, for Malaya, would have represented only a vague aspiration had it not been for the thirty-five years of native administrative experience that developed from the 1910 *Scheme*.

In view of the small size of the Malay Administrative Service⁴ today and considering its diminished prestige, it is tempting to pass quickly over this segment of Malayan bureaucracy, dismissing it in a few brief paragraphs in order to deal with branches of the public services which today are playing a more apparent role in the rapid economic, social and political developments taking place in the still very young Federation of Malaya. However, the present position of the M. A. S. belies its historic importance. A genuine understanding of Malayan bureaucracy today is impossible without some knowledge of the Malay Administrative Service, for, during the period 1910-1953, the M. A. S. provided almost the only method of entry for native Malays into the higher administrative service of Malaya—the Malayan Civil Service.⁵ Without a service such as the M. A. S. it seems improbable that there would have existed the necessary core of trained native bureaucrats who have been able to take over from the departing British many of the senior-most administrative posts in the present-day Federation of Malaya, thus providing the country with a planned and relatively smooth transition that looks eventually toward the complete Malayanization of all the public services.⁶

4. The title, still in use today, of Malay Administrative Service first appeared in the 1929 *Scheme of Service*. The Service, according to the 1959 Staff List, now consists of 75 appointments.

5. The first Malay Assistant to receive a promotion from the M. A. S. to the M. C. S. was Dato Hamzah bin Abdullah. Dato Hamzah was promoted to the senior service in 1921; now retired from the M. C. S., he is serving as Chairman of the Public Services Commission as well as Chairman of the Police Service Commission. Dato Hamzah, although the first promotee from the M. A. S. to the M. C. S. was not the first Malay member of the senior service. The Raja Chulan bin Ex-Sultan Abdullah entered the Service in 1903 from the service of Perak, serving in the District of Krian. Thirteen years later the Raja Chulan's younger brother (Raja Kechil Tengah Said Tauphy) entered the M. C. S. in the same manner and held the same positions. These appointments however were exceptional and no other Malays entered the M. C. S. until Dato Hamzah's appointment in 1921.

By 1941 there had been a total of 29 Malays appointed to the M. C. S., of which 21 had come wholly through the M. A. S. and four had at least some M. A. S. experience. Thus, 25 of 29 Malay Officers owed their appointments to the Malay Administrative Service. [These figures were derived by tabulating the *Civil Lists* for the period 1903-1941. During this period there are several *Lists* which the author has been unable to locate in Kuala Lumpur; however, these gaps are not crucial since all *Lists* are overlapping, in that it is unlikely that any officer would have entered and left the M. C. S. in the same year. No *List* was published for the second half of 1941, although one copy of a 1940 *List*, contained in the Federation Archives, has been incompletely amended to cover this period immediately preceding the Japanese invasion of Malaya.]

6. It is not possible here to discuss adequately the Malayanization of the public services, a subject that, at once both complex and controversial, deserves an analysis more detailed than a single brief note can provide. A definite schedule for Malayanization has been established based on a rational compromise between two irrational extremes. It is the goal that most services (except those of a highly technical nature) should be completely Malayanized by 1965. [For the basic information on this subject, see Federation

It would, in fact, be difficult to overestimate the continuing though unapparent influence of the M. A. S. on the modern Malayan Civil Service, for, as the M. C. S. was Malayanized, it became thoroughly permeated with officers whose background and experience had been gained from service in the M. A. S.⁷ Today, of 41 Superscale posts⁸ held by non-expatriate officers of the M.C.S., 35 posts are filled by Malays formerly of the M. A. S. Among these 35 appointments are included four Secretaries,⁹ five Deputy Secretaries,¹⁰ and

of Malaya, *Report of the Committee on the Malayanization of the Government Service* (Kuala Lumpur : Government Press, 1954); *Federation of Malaya, Report of the Committee on the Malayanization of the Public Service* (Kuala Lumpur : Government Press, 1956); and, *Federation of Malaya, Malayanization of the Public Service : A Statement of Policy* (Kuala Lumpur : Government Press, 1956).] Statistics give an impressive account of Malayanization to date. On July 1, 1957 (the beginning date of the Malayanization-compensation scheme), there were 1579 expatriate officers serving in the public services of Malaya; as of February 1, 1960, this figure had been reduced to 609. In the M. C. S. this radical change in the composition of the service is equally impressive. In slightly more than two and one-half years expatriate officers in the M.C.S. have been reduced from 206 to 62, and six additional expatriates were expected to retire by April 1960. [These statistics, as yet unpublished, were secured by the author from the Federation Establishment Office, Kuala Lumpur, to which the author is indebted for the genuine co-operation, especially that of the Principal Establishment Officer, the Deputy Principal Establishment Officer and the Principal Assistant Secretary (Establishments). Such material will be cited hereafter : Federation Establishment Office, *Unpublished Statistics*.]

7. As of February 1, 1960, there were 226 Malayan Officers in the M. C. S. of these, almost one-half (109) have entered the M. C. S. by promotion from the M. A. S. [Federation Establishment Office, *Unpublished Statistics*.] It should also be remembered that the above total of Malayan Officers includes a small number of non-Malays; thus, if these were deducted, the number of entrants who had come through the M. A. S. would represent more than half the Malay Malayan Officers. [By accepted usage today, "Malay" refers to the ethnic group indigenous to the Malayan Peninsula, adjacent islands, and much of Indonesia. "Malayan" is used to describe the present-day inhabitants of the Peninsula (and frequently Singapore) regardless of ethnic origin. The latter term is thus more general, including Malays, Chinese, Indians, and, in lesser numbers, Eurasians and Caucasians.]

8. In the public services of the Federation of Malaya are two general classifications of Division I posts—Superscale and Timescale. Superscale posts are further subdivided into groups "A" through "M" with an additional four staff appointments above Superscale A. Timescale appointments in the M. C. S. are subdivided into Senior Administrative Officers and Administrative Officers. Within the Timescale there is frequently employed a short-hand formula (which for convenience will also be used in this study) such as, for example, \$628 x 34-934/Efficiency Bar/982 x 34-1,254. This formula indicates that the public servant enters the service at \$628.00 per month, this basic salary increasing for each year of service by monthly increments of \$34.00 to a maximum of \$934.00. At this point the servant must cross an "efficiency bar" (the nature of which varies among the different schemes of service) before continuing to rise to a maximum of \$1,254.00 per month. [Such a formula may be expressed in monthly terms (as it is now given) or on the basis of annual salaries and increments (which were frequently used in the past). For comparative purposes, all such figures given hereafter, unless specifically noted to be otherwise, will be expressed in annual payments.] Also, for clarity, when Malayan currency is intended the abbreviation "M\$" will be utilized hereafter. Approximate exchange rates for the years 1910 to 1960 are as follows :

1910-1931	M\$ 1.00	U.S.\$ 0.57
1931-1939	"	0.45
1939-1949	"	0.47
1949—	"	0.33

9. Prime Minister's Department, Ministry of Health, Public Services Commission, and Ministry of Agriculture.

10. The Treasury, Ministry of Defence, Ministry of Interior and Justice, Ministry of Education, and Public Services Commission.

five State Secretaries.¹¹ In addition, former M. A. S. officers in the M. C. S. hold such other important posts as Commissioners of Lands and Mines in four states¹² and Private Secretary to the Yang di-Pertuan Agong.¹³ Moreover, these figures take into consideration neither retired M. C. S. officers (most of whom necessarily represent promotions from the M. A. S.) who are presently serving as appointed heads or members of various public bodies, nor do they consider those younger ex-M.A.S. officers who now hold lower M. C. S. posts throughout the Federation. There can be little doubt that the Malay Administrative Service, although in its own right of diminished importance, still exerts considerable influence on Malayan administration.

In view of this considerable and continuing influence of the junior administrative service, this study will trace the historical development of the Malay Administrative Service from its inception in 1910 to the present time. Specifically, it is the purpose of this analysis to examine in detail and in chronological succession every *Scheme of Service* issued which has governed the terms and conditions of service of the M. A. S. and to note in these official pronouncements evidences of continually rising standards in the academic and administrative accomplishments of the native Malays, a significant cultural development that, in itself, owes a great indebtedness to the demands of the Malay Administrative Service.¹⁴

11. Selangor, Malacca, Perak, Pahang and Negri Sembilan.

12. Negri Sembilan, Pahang, Kelantan and Penang.

13. The Yang di-Pertuan Agong is the titular head-of-state of the Federation in whom is vested all executive power, to be exercised, however, in all but a few occasions, only on the advice of Parliament and the elected ministers. The head-of-state, a Ruler of one of the Malay States, is elected by the Conference of Rulers to serve as Yang di-Pertuan Agong. [Selection to the office of Ruler of each of the Malay States is varied and complicated; however, in practice, although not in theory, the position is frequently hereditary.] Although the Constitution refers to the "election" of the Yang di-Pertuan Agong [Article 32(3)] by the Conference of Rulers, the machinery set up in the Third Schedule, Part I, actually provides for a rotation to the office of those not disqualified by some disability.

14. The author, throughout this study, may appear to place undue emphasis on the recruitment of Malays to the public services, especially to the M. C. S., while seeming to diminish the importance of the Chinese and Indian segments of the population, who together slightly outnumber the Malays. However, it must be remembered that the M.C.S. was not open to non-Malay Malaysians until 1953, and when opened to all Malaysians there was imposed a 4 : 1 ratio of Malays to non-Malays. This ratio (which is actually only one of a number of such ratios) has been sanctioned, although not specifically by name, in the Constitution of 1957. [Article 153(2) imposes upon the Yang di-Pertuan Agong the duty of ensuring "the reservation for Malays of such proportion as he may deem reasonable in the public service...."] Thus, the chief problem of recruitment faced alike by the British as well as the present Federation Government was (and still is) one of creating an adequate supply of university-educated or administrative-trained Malays. Historically, the predominantly rural Malay element has been the economically and socially depressed group, and the problem was therefore made more difficult because the largely urban and more prosperous Chinese have enjoyed considerably greater educational opportunities. Beneath the whole question of education there are undoubtedly buried cultural factors much more significant than this brief treatment would suggest, but an exploration of this subject would be peripheral to the present study.

Originally, the *Scheme for the Employment of Malays in the Public Service*¹⁵ envisaged the selection of nominees only from Malay College at Kuala Kangsar in the State of Perak. According to this plan, the Headmaster of the College nominated exceptional students whose names were then forwarded to a board especially appointed by the British Resident to advise the Resident General on selections to be made. The board studied the applications and records of the students and then conducted interviews at the College. The names of the nominees, together with the board's recommendations, were then forwarded to the Resident General, who made the final appointments of those accepted as student probationers.

Student probationers continued a prescribed course of study¹⁶ at Malay College for a period not exceeding three years, during which time they received free tuition, board and lodging, plus a monthly stipend of M\$20.00, both during academic terms and vacations.

Upon successfully completing examinations at Malay College, a probationer became a Malay Assistant, Grade III, at a salary of M\$420.00 per year, rising by annual increments of M\$60.00 to a maximum of M\$720.00.¹⁷ After a minimum of three years as a Grade III Assistant, Malays were eligible to be promoted, upon occurrence of vacancies, to Grade II Assistants at an annual salary of M\$840.00, with annual increments of M\$60.00 to a maximum of M\$1140.00. After five years as a Grade II Assistant it became possible to be promoted, again only as vacancies occurred, to Grade I, the starting annual salary of which was M\$1200.00 with four annual increments of M\$120.00 and reaching a maximum of M\$1920.00 three years thereafter.¹⁸ Beyond Grade I the *Scheme* provided that exceptional Malay Assistants could enter a "Special Class" in which salaries and duties would vary in individual cases. Most important of all, it was at this point—as a Malay Assistant of the Special Class—that Asian administrators were given the first opportunity, at the discretion of the Colonial Office, of promotion to the Malayan Civil Service.

15. Early *Schemes of Service* were issued as circulars of the Chief Secretary's Office. With the disruption of the Second World War, as well as the earlier unimportance attached to careful record-keeping in Malaya, most of this material is not to be found in departmental libraries. Fortunately, during this period the various *Schemes* were frequently reprinted as appendices in the annual *Civil Lists* and occasionally they appeared in the annual *Yearbook* of the Federated Malay States; however, these series are also incomplete and in several cases the author has relied upon other official sources which are appropriately cited. [For the 1910 *Scheme*, see Federated Malaya States, *Civil Service List, 1913* (Kuala Lumpur : Government Press, 1913), pp. 329, 330.]

16. The course consisted of English, official correspondence, general history, elementary algebra, geometry and trigonometry, elementary surveying, elementary law, Malaya letter writing, composition and translation, bookkeeping and typewriting.

17. Malay Assistants were not eligible for the pensionable establishment until they were promoted above Grade III.

18. That is to say : M\$ 1200 x 120-1800; three years thereafter, M\$1920.00.

In 1917 this *Scheme of Service* was altered slightly,¹⁹ but it was not until 1921²⁰ that important changes were made. After this date Malay College at Kuala Kangsar no longer held a complete monopoly in supplying nominees for student probationerships, for the new *Scheme* provided that one-half of the nominations were to be given to students of the College while one-half were designated for Malay candidates from other English schools in the Federated Malay States. Successful completion of an examination—the subject matter of which was left to the Board of Governors of Malay College—was added at this time as a first hurdle for prospective nominees before appearing before the Selection Board for interviews. Those appointed by the Chief Secretary, again acting on the advice of the Selection Board, became probationers who were expected to undergo a three-year course of study at Malay College. While in school, probationers continued as before to receive free tuition, board, lodging and the small monthly stipend of M\$25.00.

Upon completion of the course at Malay College the student probationer became a Probationary Malay Officer, normally liable for posting only within his home state, whose probationary appointment was subject to confirmation after a minimum period of one year on the advice of the British Resident. Classes of Officers were abolished by this *Scheme of Service* and salaries, now considerably increased, were computed on the basis of seniority, but at two stages it became necessary to pass an efficiency bar before the salary could continue to rise.²¹ Officers who successfully completed the second examination²²—the usual examination of law and General Orders given to M. C. S. Cadets—and who had at least five years' service entered a special group²³ from which it was possible to receive a promotion to the Malayan Civil Service.

In 1924,²⁴ while the mechanics of selecting candidates, and

19. See Federated Malay States, *Civil List, 1918* (Kuala Lumpur : Government Press, 1918), pp. 393-394. Essentially, the system remained as it had been in 1910. Salaries were increased slightly, examinations were required to enter Grade I and the Special Class, and the minimum length of service in Grade I was reduced from five to three years. Moreover, salaries of Special Class Assistants were fixed at £300 per year, rising with annual increments of £10 to £350, with an additional duty allowance of £60 annually. Also, in anticipation of future changes, there was the implication that in exceptional cases nominees for the probationary studentships might be drawn from schools other than Malay College, but this was only implied.

20. Federated Malay States, *Government Gazette* (Kuala Lumpur : Government Press, September 9, 1921), "Scheme for Malay Officers (Administrative Branch)", Notification Number 4457, pp. 1236-1238.

21. Salary scales were as follows : M\$1080 x 120-1320/Efficiency Bar/1440 x 120-2160/Efficiency Bar/2400 x 120-3600.

22. Officers with fourteen years' government service could, at the discretion of Government, be exempted from these examinations.

23. M\$3900 x 120-4500.

24. Federated Malay States, *Yearbook, 1924* (Kuala Lumpur : Government Press, 1924), pp. 124-125, "Scheme for Malay Officers (Administrative Branch)".

salaries for Malay Officers remained much as it had been under the 1921 Scheme, the prerequisite to application of a Junior Cambridge Certificate was added. Moreover, Malay College continued to lose its early monopoly on M. A. S. candidates by the stipulation that successful applicants should return to their own schools, again with expenses paid, to study for the Senior Cambridge Certificate Examination.²⁵ After successfully passing this examination within two years a student probationer became a probationary Malay Officer, an appointment which could be confirmed only after passing the first efficiency bar, an oral examination on the actual duties performed by the probationer.

Academic requirements for applications were again raised in 1929²⁶ when the Senior Cambridge Certificate was made requisite. Moreover, since Malay College was exclusively a secondary school, it no longer became necessary to continue the normal process of public education at that institution and a special one-year course was introduced for student probationers consisting of elementary law, General Orders, and practical training in administrative functions. At the same time probationers spent part of their hours observing work in neighbouring government offices and at the local police court. Upon successful completion of this one-year training period students became probationers in the Malay Administrative Service, subject to confirmation within three years after passing the Cadet examinations in General Orders and Colonial Regulations and an oral examination on the duties actually performed by the probationer. In this *Scheme* salaries were increased considerably,²⁷ reflecting the increasing importance of duties performed by the still small but growing body of locally recruited Malay administrators.

This 1929 *Scheme of Service* was altered only slightly in 1930,²⁸ and it was not until 1938²⁹ that important changes were introduced, changes that demonstrate well the rising intellectual level of the emerging Malay administrative class. The minimum age limit of applicants, originally imposed in the 1929 Scheme, was reduced from

25. Allowances for study at Malay College remained unaffected by this Scheme. At other schools student probationers received M\$40.00 per month plus tuition during academic terms and M\$25.00 monthly during vacations.

26. Federated Malay States, *Yearbook 1930* (Kuala Lumpur : Government Press, 1930), pp. 246-248, "Scheme for Malay Officers (Administrative Branch)".

27. Probationary Officer : M\$1440. Malay Officer : M\$1800 x 120-2040/Efficiency Bar/2400x120-3600/seven-year seniority bar/3960x180-5040. The efficiency bar was the Cadet law examination.

28. Federated Malay States, *The Malay Administrative Service List, 1931* (Kuala Lumpur : Government Press, 1931), pp. 43-46, "Scheme for Malay Officers". Except for but very minor changes salaries remained as they had been in the previous scheme. Other changes were equally minor.

29. Federated Malay States, *Malay Administrative Service List, 1940* (Kuala Lumpur : Government Press, 1940), pp. 55-58, "Scheme for Malay Officers".

eighteen to seventeen, and there were in this *Scheme* four means by which the educational requirements for application could be satisfied. On the one hand, applicants could qualify by having passed one of the following examinations : (1) the School Certificate Examination; (2) the matriculation examination for any university in the United Kingdom; or (3) any examination approved by the Senate of Raffles College in Singapore. On the other hand, an Honours Degree from Oxford or Cambridge waived all other educational requirements.

The training programme for student probationers also reflected the rising standards of education in Malaya, for, after 1938, Malay probationers were sent at government expense for one year to Malay College after which satisfactory students continued their education, still at the expense of the Government of the Federated Malay States,³⁰ for an additional three years at Raffles College. Those probationers who were deemed unsatisfactory could be asked to leave at the discretion of the Government at any point in their training programme, while successful students became Probationary Officers upon leaving the College. Moreover, exceptional students were eligible to be considered for advanced study in universities in the United Kingdom and upon returning to the Service were placed at a level above the new probationers.

In the case of the average probationer, he entered the Service at M\$1440.00 and remained at this level for two years during which period he must have passed the Cadet examinations in General Orders and Colonial Regulations. Thereupon, he became a regular Malay Officer of Class III,³¹ and after three years, providing he passed the Cadet law examination and received a good report from superiors, he could move into Class II. Seven years thereafter the Officer became eligible for promotion to Class I, providing a vacancy existed, and, again depending upon vacancies and subject to consideration of individual merit, the Class I Officer, after three years of service in that grade, could receive a promotion to the M. C. S.

Malay Officers entering the M. C. S. under the 1930 *Scheme of Service* received the basic salary of European Officers without the additional temporary and marriage allowances provided to expatriates; however, by the 1938 *Scheme*, salaries of incoming native officers

30. At Malay College student probationers received free tuition, board and lodging, plus a monthly stipend of M\$20.00. There was the same arrangement at Raffles College except that the stipend was increased by M\$10.00, and M\$40.00 was given to incoming students for miscellaneous expenses at the beginning of the first term; thereafter, M\$20.00 was provided at the start of each successive term.

31. A system of grading was reintroduced in this *Scheme*. New salary scales, although necessarily fitted into the class structure, were almost identical to the previous emoluments. Class III : M\$1800x120-2040/Efficiency Bar/. Class II : M\$2400x120-3600/Vacancy Bar/. Class I : M\$3960x180-5040.

were fixed at a level in all classes somewhat lower than the European scale.³²

The last pre-World War II *Scheme of Service* was introduced in January 1941,³³ and for the first time since the inception of the Service some thirty years earlier, Malay College did not enter into the *Scheme*. Applications were thrown open to all Malays between 20 and 23 who were born of pure Malay parents and who had received at least five years of their education in the Federated Malay States; no quota was reserved for Malay College. To satisfy educational requirements the Malays were required to possess either a Diploma from Raffles College or an Honours Degree from a university in the United Kingdom, and those who satisfied these requirements and were accepted were sent only to Raffles College, where they pursued a one-year course in Malay, General Orders, Colonial Regulations and law. Completing this course of study, student probationers became Cadets in the Malay Administrative Service. This appointment also was probationary and became confirmed only after the Cadet had passed the efficiency bar, the standard examinations for European M. C. S. Cadets in Malay, General Orders, Colonial Regulations and law, and had received a satisfactory report from his senior officers.

With the impending disruption of the Second World War, the *Scheme* of 1941 was destined to inevitable postponement, and it was not until some five years later that serious attention could be devoted to its implementation. British military administration followed the reoccupation of the Peninsula,³⁴ and the administrative chaos resulting from the wartime years was gradually cleared away. The 1941 *Scheme of Service* was continued throughout the period of the reconstruction of administrative services and it was not until 1950 that there was formulated a new *Scheme of Service*³⁵ which, in its written provisions, has survived almost unchanged, but in the application of which there have been several major alterations. Under this new *Scheme* there were two separate channels which could be followed by incoming Malays in the early stages of their administrative careers which, after a minimum of three years, converged into a single stream. Malays possessing a Pass Degree of the University

32. Class V : M\$4800x360-5880. Class IV : M\$6120x360-7560. Class III : M\$7800x360-9240. Class II : M\$9480x360-10,920.

33. Federated Malay States, *Reprint of Salary Schemes (Locally Recruited Officers)* (Kuala Lumpur : Government Press, 1940), pp. 66-67, "Malay Officers, Malay Administrative Service". Salaries in the M. A. S. and those of M.A.S. officers promoted to the senior service remained virtually unchanged.

34. See Malayan Union, *Report on the British Military Administration of Malaya* (Kuala Lumpur : Government Press, 1946), *passim*.

35. Federation of Malaya, *Schemes of Service, 1950* (Kuala Lumpur : Government Press, 1950), pp. 31-33.

of Malaya, or a Diploma of Raffles College, or a degree from any other approved university can enter the M. A. S. as probationary Cadets, whose appointments will be confirmed after three years, provided that in the meanwhile the Cadet has passed the usual examinations required in the earlier *Schemes*. For applicants not possessing the above academic qualifications but who have satisfied the requirements for matriculation at the University of Malaya, the *Scheme* provided for recruitment into the channel of Student Probationers. Those selected under this section of the *Scheme* were to be sent to the University of Malaya for three years where all academic expenses were provided and a living allowance was paid in such amount as may have been determined by the Government from time to time. During academic vacations it was intended that the Student Probationer should gain practical administrative experience by working in district administration, or, in the case of serving government officers, by returning to their former posts during these periods. For his part, the Student Probationer signed an agreement to remain in government service for a minimum of three years after completing the course of study, and, should he have violated this pledge, the agreement provided that he must reimburse the Government for all money expended in his behalf plus an additional penalty of M\$500.00.³⁶

Once the Student Probationer had completed his studies at the University of Malaya he entered the regular stream of advancement that proceeded through the Cadet period already outlined, into the Timescale posts, and, for exceptional Malays there could be promotion to the Superscale.³⁷ For Cadets who have entered the M. A. S. holding Honours Degrees it is provided that, should vacancies exist in the senior service, entry can be made into the M. C. S. at any time after confirmation regardless of the grade held in the M. A. S. at the time. Moreover, whatever the channel under which recruitment had taken place, it is provided that within six years after recruitment exceptional Malay Officers can receive a promotion to the M. C. S.³⁸

The basic plan of the 1950 *Scheme* has remained in effect until the present time, but in its application there have been a number of changes; however, since the 1950 *Scheme* remains as the official terms of reference for purposes of recruitment, these *de facto* revisions are difficult to document as concretely as previous alterations. In 1954

36. This penalty was no longer included in the pledge after 1954.

37. Salary scales in this promotion scheme in 1950 were as follows: Cadets—Unpassed, M\$3300; Passed, M\$3600. Timescale—M\$3840x240-4800/Efficiency Bar/5160x240-6120/Efficiency Bar/6480x240-7200/Vacancy Bar/. Superscale—M\$7500x300-9600.

38. There is added the exception that officers over forty years of age cannot normally expect promotion to the M. C. S.

salaries were increased and a new class of Malay Officer was added.³⁹ Moreover, this *Scheme* permitted recruitment of those who had not actually undergone the matriculation examinations at the University of Malaya provided that these applicants were qualified to sit for such examinations. The latter provision, however, contained a clause providing for its review in 1957, and according to Federation officials, this relaxation was rescinded in late 1956.⁴⁰

While the 1950 *Scheme*, together with the modifications of 1954, has continued in official effect, there have been several major changes in the actual recruitment of M. A. S. personnel. First, since qualified applicants were not available, the plan to recruit Student Probationers was unsuccessful and there have been none of these awards made since 1957.⁴¹ Secondly, due to the heavy losses of M. A. S. officers to the M. C. S. and through normal attrition, there has been instituted the rank of "Underqualified Officer", entry into which is open to government employees with at least six years' service in any post who hold a School Certificate.⁴² At the time the question was raised in the Legislative Council in April 1958 by far the larger percentage (78%) of the Service consisted of underqualified officers, who served in a Timescale slightly lower than their fully qualified colleagues.

For the period after 1950 it has proved impossible neatly to gather together the specific *Schemes of Service* of the M. A. S., place them in chronological order, and note the developments and trends. The rapid Malayanization of the senior service has produced a situation in which the published pronouncements of recruitment policies are no longer reliable instruments for examining the nature and composition of the junior service. Whatever are the causes and effects involved in the present situation, the very indefiniteness that now surrounds the

39. This *Scheme of Service* was unpublished. The author was given access to a mimeographed copy at the Federation Establishment Office, Kuala Lumpur. Probationers after this date no longer entered the Cadet period but were required to pass through an intermediate stage of "Malay Officer" before entering the Timescale. For Cadets the progression remained as it had been in 1950. The revised system is as follows :

Probationers—M\$2592x144-
3280/Examination Bar/.
Malay Officers—M\$3024x
216-4320.

Or

Cadets—unpassed,
M\$3960; Passed,
M\$4320.

Timescale—M\$4608x288-5760/Efficiency Bar/6192x288-7344/Efficiency Bar/7776x
288-8640/Vacancy Bar/. Superscale—M\$9000x360-11,520.

40. Statement made by the Principal Assistant Secretary (Establishments), Federation Establishment Office, in reply to a series of written questions submitted by the author, Kuala Lumpur, February 22, 1960.

41. *Ibid.*, March 3, 1960.

42. *Ibid.* See also, Federation of Malaya, Second Legislative Council (3rd Session), *Debates* (Kuala Lumpur : Government Press, 1959), p.4498.

M. A. S.⁴³ serves well to point up the greatly diminished importance of the Malay Administrative Service today, a conclusion that will be amplified in a later paragraph.

CONCLUSION

The Malay Administrative Service for a half century has made a notable contribution to the bureaucracy of Malaya and deserves a share of the credit for its part in maintaining the political stability of the country during a difficult transitional period, an era that would have been made considerably more difficult by the absence of trained native administrators. The fact, however, that there existed, ready to hand, this pool of experienced administrators has in itself created several problems for the new Federation Government. First, the senior service, the M. C. S., by drawing heavily on the M. A. S. for qualified personnel,⁴⁴ has acquired an unbalanced distribution of age groups that could cause some problems in later years, to say nothing of the dissatisfaction that may attend the lack of promotion opportunities experienced by slightly younger M. C. S. officers.⁴⁵ Secondly, since the M. A. S. was a service of the Federated Malay States, all personnel recruited prior to the Second World War were either natives of, or educated in, one of the four Federated States, which are now but a part of the eleven-state Federation. Thus, today, especially among the more senior posts, the attitudes of the bureaucracy are likely to be geographically unrepresentative.

The future role of the M. A. S. seems questionable. There can be little doubt that the prestige of pre-war days will never be recaptured, for, today, in a multi-racial nation such as Malaya, a general administrative service that completely excludes all but one ethnic group is in itself an anomaly.⁴⁶ And, even for Malays, when the senior service was opened to direct local recruitment in 1953 the importance

43. Since 1957 there have been published two volumes containing a comprehensive collection of the various *Schemes of Service*, but the *Scheme* for the M. A. S. is not included. As mentioned earlier, the 1954 amendments were published only in mimeographed form and given very limited distribution, and there was apparently nothing published to indicate that the clause relaxing educational requirements was rescinded in 1956.

44. Some of the older administrators have of course come from other sources, such as the state services, but by far the predominant part are formerly of the M. A. S.

45. Of non-expatriate officers in all grades of the M. C. S., 48.7% are between the ages of 35 and 44 inclusive. Thus, based on the present compulsory retirement age of 55, almost one-half the native officers serving today will retire in the decade 1971-1980. The age group 25-34, which represents one-third of the Service, can at the same time expect only limited promotion opportunities until the older group begins retiring in 1971. [These figures, part of a more comprehensive study of the public services of Malaya in preparation by the author, have been compiled from the *Staff List* of 1959.]

46. Quite possibly with this anomaly in mind, the Executive Service was created in September 1957. The duties of members of the Executive Service are similar to posts held in the M. A. S., but unlike the latter service, the Executive Service is open to all ethnic groups.

of the M. A. S. declined correspondingly. No longer need the well educated Malay look to the M. A. S. as an avenue to an administrative career, for after 1953 the shortest route lay with direct entry into the senior service. In a country with a longer tradition of higher education it is probable that the junior administrative service could still have attracted a substantial number of university graduates who had failed to qualify for competitive entrance into the senior service, but in the rapidly developing Federation of Malaya the supply of graduates was not adequate to satisfy the needs of all the services; thus, applicants who could meet the high educational requirements of the M. C. S.⁴⁷ were virtually assured of appointments. This is not to say of course that the M. A. S. has lost all value, for it still provides a method of entry into the senior service for those who do not possess the qualifications for direct entry, and it is possible that in the future, as in the past, the M. C. S. will acquire some excellent administrative talent from the ranks of the M. A. S. Moreover, it is possible that with the increasing number of Malay graduates of universities, at sometime in the future some Malays possessing the educational qualifications for the M. C. S. may first have to serve an apprenticeship in the M. A. S. Notwithstanding these possibilities, it is difficult to foresee for the Malay Administrative Service a future as purposeful as its past.



47. For direct entry into the M. C. S. the present *Scheme* requires one of the following : an Honours Degree of the University of Malaya or other recognized university; or, a first or second class in the Bar Final Examination; or, a third class in the Bar Final and a Pass Degree of the University of Malaya or other recognized university. [Federation of Malaya, *Schemes of Service* (Kuala Lumpur : Government Press, 1957-1959), vol. II, pp. 1,2.] Figures for 1959 are not yet available, but the University of Malaya had granted Honours Degrees to only 56 Malays in the six-year period 1953 through 1958. [Federation of Malaya, Second Legislative Council (4th Session), *Debates* (Kuala Lumpur : Government Press, 1950), pp. 5327, 5328.] To date (February 1, 1960) only 66 M. C. S. officers have been recruited directly. [Federation Establishment Office, unpublished statistics]. Of these a substantial proportion (the exact figures are not available) are probably non-Malay since direct recruitment is almost their only mode of entry.

PSYCHOLOGICAL CRITERIA FOR ADMINISTRATIVE SERVICES*

W. T. V. Adiseshiah

THE glamour of the Administrative or Foreign Service has a strong appeal to the minds of young men and young women who graduate from our universities with academic distinction. Scores of them sit every year for the competitive examinations conducted by the Union Public Service Commission, cherishing fervent hopes rather like those who frequent the share market. Nevertheless, there is much more to the activities of an officer in one of these services than spending one's evenings at Gymkhana Club, or being entertained by Ambassadors from foreign countries. The onerous responsibilities falling to the lot of these officers call for exceptional merit, sterling qualities of head and heart. This is perhaps one reason why candidates for these services are chosen after very rigorous screening. Not only have they to prove their abilities by outstanding achievement in open competition, but they have also to impress a board of veteran administrators by their ability to stand up to the stresses of an interview. Seldom, if ever, is it likely that one who cannot eventually make good will emerge successful in the contest.

In any system of merit rating, where candidates have to be selected for jobs of one type or another, the most important practical requirement is to relate the choice of human material to the essential requirements of the job. Unless this is done, either the selection procedure will not provide the right type of person, or else the persons selected will have to go through the tedious process of getting adapted to the conditions of their work. It is thus necessary for the selecting authority to understand from a psychological point of view the essential criteria on the basis of which selections ought to be made. In fact, the differences between A and B are likely to be many and varied. But the pertinent question will be : What are the differences which should count in placing A above B, or in preferring A to B ? One possible method would of course be to leave the matter completely to the discretion of people with mature experience in administrative positions. The scientific approach would lie in testing candidates by the use of objective techniques which will show up individual difference

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more exactly. This is precisely what psychological methods of personnel selection attempt to do.

Although it may be true that a large variety of scientific methods is available today for the purpose of testing and classifying people for various kinds of work, the fact remains that the actual methods of psychological screening in respect of any given job must necessarily depend on the requirements of the job itself. In Industry, the current practice is to analyse the job and to deduce from such an analysis the essential characteristics demanded of the worker by the job. Industrial establishments usually work out "check lists" for different kinds of jobs, and use these check lists in assessing the suitability of different candidates for different kinds of work. When it comes to the question of selecting officers for civilian administration, however, the problem is considerably more complex because of the multi-purpose character of civilian administrative duties. Broadly speaking the criteria of assessment for suitability may be grouped under three heads—practical intelligence, social aptitudes, and personality traits. Since the conventional tests used in marking psychological assessments cannot provide a complete coverage of the finer elements in the administrative officer's functions, it will be necessary for practical purposes to adopt a combination of scientific and commonsense methods of assessment.

INTELLIGENCE AND PROFICIENCY IN ADMINISTRATION

It is not easy to tell in a few simple words exactly what is measured by an intelligence test. It is true all the same that every human being possesses to a greater or lesser extent certain primary mental abilities, such as the ability to understand, remember and use words, the ability to notice similarities and differences between objects, the ability to deal with numerical values, the ability to discriminate between spatial forms, and to judge relationships in space. These various abilities come into play in our everyday life and they help us to achieve our aims and purposes. Most of us, particularly those who are fond of sizing up the capabilities and limitations of other people, could spot an intelligent person by a rough and ready appreciation of what appear to be his innate potentialities. Even to make such a rough and ready estimate of another person's mental abilities, it is necessary for one to observe something which that person does and to note exactly how he does it. Such observations will show up small differences between individuals, and from these differences an estimate of abilities can be made. An intelligence test is thus nothing more than a standardised technique for measuring the differences between different individuals engaged in the performance of certain set tasks.

Modern intelligence tests are based on certain statistical pre-suppositions, and are capable of being administered to large groups of people, rather like a public examination. Before an intelligence test is used for the assessment of people, it is standardised and checked for reliability and also for validity. From the scores of the test it is possible to work out what is known as the "Intelligence Quotient" which brings a person's mental age into relationship with his chronological age. Thus a person whose mental age is the same as his chronological age will have an intelligence quotient of 100. In any large sample of population, about 50% may, as a rule, be expected to have an IQ between 91 and 110. As many as 16% would fall under the category of dull normals, with an IQ range between 80 and 90. Any one with IQ below 66 would be classed as feeble-minded. Within the feeble-minded group there are three categories—morons, imbeciles and idiots. Idiots, for example, have IQ below 20. At the upper levels those with IQ between 111 and 119 are classed as bright normals, and those above 120 as superior. Persons with IQ exceeding 140 are classed as genius.

EFFECTIVE INTELLIGENCE

It is not always easy to tell whether a particular intelligence test does in fact measure the qualities of mind which it is supposed to measure. From a practical point of view, the qualities of mind which are relevant in the case of persons undertaking administrative duties are foresight, quickness in grasp, verbal fluency, insight and clear thinking. There is a conceivable difference between the existence of an ability or abilities, and the practical application of that ability in a specific problem situation. Having tested a person and found that he possesses the mental equipment necessary in order to solve difficult problems, it is by no means certain that he will necessarily produce solutions to problems when he is actually confronted with them. To be able to apply one's powers of mind in a concrete life situation, and to forge out a workable solution to a problem is a very different matter indeed. From the administrative point of view the more important requirement is that a person should be able to apply his powers of mind in solving concrete, rather than abstract problems.

SOCIAL INTELLIGENCE

Yet another area of intelligent behaviour is to be found in the way a person adapts himself to the varying conditions of the social environment. One of the most important pre-requisites to social adaptation is the awareness of what is taking place around oneself. It is only too well-known that a person who pushes his way across a

crowded street with heavy traffic, and without looking either side, might well be knocked down and killed. Such behaviour can hardly be described as intelligent. An educated person ought to keep abreast of the times. The simplest way of doing this is by reading the daily newspaper. Even reading newspapers can be done in an intelligent or an unintelligent way. An intelligent newspaper reader will assimilate all details pertaining to current affairs and link up events as they have been reported from day to day. He will not blindly accept anything and everything he sees in print, but will critically evaluate various items of news which he comes across. For the administrator this is unquestionably a fundamental requirement. The many problems of day-to-day administration call for an intelligent understanding of what is taking place in the world around.

PSYCHOLOGICAL CHARACTERISTICS OF THE ADMINISTRATIVE APTITUDE

An aptitude is a slant or propensity for the cultivation of a skill. Since it is well known that every individual does not profit to the same extent by training, it is in the interest of training efficiency to adopt a scientific way of distinguishing those who are capable of getting the best out of a particular training system from those who at the end of training are not likely to be any better than they were at the beginning. With certain skills such as motor car driving, piloting aeroplanes, or operating machines, it is easy not only to define the basic characteristics of the skills, but also to formulate scientific criteria for the assessment of skill potentials. Skill in administration is rather more complex and subtle, as compared with psycho-physical skills. As such, scientific measurement of aptitude for administration is no simple affair. Nevertheless, it is possible to propose a tentative psychological analysis of the essentials of the administrative aptitude.

Speaking generally, administrative skills, as they have been observed in everyday life, might be seen to possess at least seven key features.

(A) SITUATIONAL COMPREHENSION

Need for administrative action invariably arises out of some situation regarding which something has to be done by someone in authority. The correct grasp of a situation will depend on two factors—first, the essential facts which create the situation; and second, psychologically significant relationships between those facts. For example, a dispute occurs between two rival parties in a village, over the grazing of cattle on land adjoining the village. Let us suppose that this is complicated by a minor clash between individuals who have come to blows. In such a case it may not be enough merely to take notice of

the fact that A had assaulted B. The trouble would be much deeper than that. In this case, A might possibly represent the interests of ten or twenty others in the village and so would B. The 'surface tension' which may be apparent in such a situation will need to be understood in its relation to the deeper causes of unrest in the village. The skill of the administrator would lie in his grasp of the *entire* situation, not just its overt manifestations.

(B) DETACHMENT

Paradoxical though it may seem, skill in administration involves the presence as well as the absence of interest in a case. The interest of the administrator in a case has of necessity to be an *official*, not a personal interest. His personal attitude has to be one of complete detachment. Only in such circumstances can his effort to solve an administrative problem be objective. The attitude of detachment further presupposes capacity to see a situation from several points of view, and to select what the dictates of commonsense would reveal as the most reasonable viewpoint. It may often happen that a particular situation affects one set of people one way, and another set of people in the opposite way. In the circumstances each group might wish to settle the matter in its own interest. Administrative skill would lie in achieving a solution or compromise in which the legitimate interests of both are satisfied, and neither party would feel aggrieved.

(C) FORESIGHT

"Looking ahead" is a basic requirement in nearly every conceivable type of skill. In an aircraft cockpit, for instance, the pilot receives information regarding flight conditions from the instrument panel and, on the basis of what he sees as forthcoming developments, he manipulates the controls, so as to direct the movement of the aircraft, along the correct flight path. Exactly the same sort of thing happens in the case of an Under Secretary or Joint Secretary, seated at his desk in the Secretariat. In front of him is a file containing several notings on a case. Information relevant to the case is contained in the notings and enclosures. If after reading all this, he feels that information on the case is incomplete, he either asks for more information on the case, or makes certain queries on the telephone, or discusses the case with others. In recording his decision or comments or views regarding the subject, the Secretariat official has to take into account the possible consequences of his action. At the other extreme, there are people who anticipate developments which, though theoretically possible, are not likely to materialize. Hence it will be seen that

a realistic appraisal of forthcoming developments is a matter which calls for the exercise of finely graded skill.

(D) INITIATIVE

Skill in administration is not, as is commonly supposed, a matter of following the beaten track. The administrator must not merely think of new developments which will be of advantage from the administrative point of view, but must also take necessary action at the opportune moment. In other words, the skilled administrator will take the initiative, and will not wait till he is forced into action. A common tendency with many administrators is to stave off decision, till they are more or less compelled to act. There are others who, imbued by a burning desire to change the face of everything they see, would not hesitate to meddle with things which would best be left alone. Initiative, as an administrative skill component, would lie midway between the two. It would thus consist of two things—first, waiting for the opportune moment, or waiting till the time is ripe for action; and secondly, launching out on action which is most appropriate to the situation.

(E) BALANCED JUDGMENT

Laboratory experiments on untrained subjects, presented with lines of different lengths, drawn on cards, have shown that when people are required to estimate the lengths of the lines which they see, they tend either to over-estimate or under-estimate the lengths. If, however, every time a person subjected to such a test is told by how much he was in error, his judgment tends to become balanced, that is, he tends to estimate the length more correctly. As a rule, the tendency towards imbalance in judgment swings on the side of over-estimation or exaggeration of the magnitude of the thing assessed. This is confirmed also by our common knowledge of the way people boost up those whom they admire, or run down those who are disliked. For the poor man, a rupee might seem a tremendous lot of money, whereas for one rolling in wealth, the same may look like a trifle. Pretty much the same holds true in matters administrative, unless a finely cultivated skill is brought into play. Balance of judgment as an administrative skill component would presuppose sensitivity to small changes in relation to a reference point, and the ability to estimate correctly the magnitude of the change. Often, the deviation may not be noticed till it has got to a stage when elaborate corrective action may be called for, but which could have been arrested if it had been detected by the vigilance of the administrator at a relatively earlier stage.

(F) DECISIVENESS

In the workaday world of administrative practice, it is a notorious fact that administrators tend to be delightfully vague and non-committal even where they can afford to give clear-cut decisions which would settle an issue once and for all. The consequence is that files mount up on tables, or they circulate all over the establishment while the party or parties which await the administrative decision look vacantly at each other or keep moving from pillar to post, not knowing what the outcome is going to be. The fundamental requirement of the efficient administrator is that he should be able to make up his mind. He should reach a decision one way or the other, and not 'sit on the fence'. Some people have a way of reaching conclusions without giving sufficient thought to the reasons why those conclusions are being reached. It is hardly necessary to point out that such people are merely storing up trouble for the future. When their conclusions are questioned, they will be at a loss to find adequate justification. Then there are some who just cannot reach a conclusion. They shift around from one consideration to another, never reaching a determinate point in their thinking. These people always look distracted, their eyes dancing about like elves in a forest glade. It is a sheer waste of time discussing a case with such people, because one can never hope to get anywhere with them. There are yet others who, though they understand the pros and cons of a case, will not commit themselves to a rational conclusion, however well justified they may be in reaching that conclusion. Decisiveness, which is the crowning virtue of the skilled administrator, requires clear-cut conclusions regarding a case, on the basis of which further action can be taken. No hedging, no qualifying phrases, no loop-holes which might be used subsequently to nullify the mandate of the administrator !

(G) DETERMINATION

When a firm conclusion regarding a case is reached and a firm decision is taken, firmness is necessary in maintaining that decision, so long as it does not run counter to well-established practice or militate against reasonable principles. Nothing could be worse, from an administrative point of view, than going back on a decision once made, provided of course, every possible care has been taken to ensure that the decision is sound. On the other hand, it is equally true that nothing could be worse from an administrative point of view than trying to maintain an administrative decision which is quite obviously unsound. It is a false sense of prestige which makes the administrator persist in sticking on to a decision merely because he made it, even though it might be unsound. Workability is an important criterion

of the soundness of a decision. Thus, a ban may be imposed on something, which might not lend itself to administrative enforcement. Since in matters such as these, the workability of the decision would depend on the extent to which other people's co-operation can be secured, a skilled administrator will first take into account not only the extent to which it is possible to enlist the co-operation of others, but also the fact that the decision is in fact acceptable to those on whom it will apply. At the other extreme, the administrator who makes a decision, but who ignores lapses in its execution, or fails to see to its application will, by the very fact of his glossing over such lapses, undermine his control over others, and become ineffective.

ADMINISTRATIVE SKILL COMPONENTS

From the foregoing discussion, it will be evident that aptitude for administration ought to be assessed with reference to seven basic characteristics. First, the manner in which the individual grasps the essentials of a problem situation. Secondly, the extent to which he does not personally become involved in the problem situation. Thirdly, his conscious awareness of the consequences of what he does. Fourthly, insightfulness in taking appropriate action at the right time. Fifthly, the balance which he is capable of maintaining in his judgment. Sixthly, his capacity to formulate clear-cut decisions. Seventhly, the firmness with which he upholds conclusions that he knows are workable and practically sound. In psychological tests which assess these qualities of mind, it is possible to represent problems or situations calling for the exercise of these qualities, and to arrive at a differential assessment of the potentialities of the individual tested.

PERSONALITY PATTERNS RELEVANT TO THE ADMINISTRATIVE SERVICES

In general, psychologists have adopted one or another of two approaches to the study of human personality. According to one point of view, personality has been regarded as a sum of specific traits such as courage-cowardice, determination-fickleness, humility-arrogance, and so forth. The other approach has been to regard personality as a "whole", incapable of being broken down into so many constituent traits. Without entering into the intricacies of psychological debates regarding the definition of 'Personality', let us adopt a functional approach to the problem. The essence of the functional approach would be to take into account, or rather consider as of primary importance, such aspects as are relevant to the character of the specific tasks an individual has to perform or the role assigned to him in an organised group. Thus, although in a broad sense, it might not make a big difference to his personality whether he can speak English fluently or

not, it certainly would make a tremendous functional difference whether an administrator accepts and executes the orders of his superiors or not. The point of special interest is, therefore, the constellation of behavioural tendencies which have a significant bearing on the functional efficiency of the administrative officer.

'PERSONALITY FACTORS'

In everyday life, people attach considerable importance to such things as body build, personal appearance and bearing, style of dress, talk mannerisms and so forth. There can be no doubt that all these contribute to the personal 'charm' of an individual. Some persons can be positively repelling by the way they carry themselves, by their facial expressions, or bodily postures. Nevertheless, these factors are comparatively superficial and functionally insignificant. In deriving a personality pattern, characteristic of the officer who has to serve as an administrator, it would be useful to consider four main factors :

- (a) First, almost every kind of administrative function will involve the use of the intellect to a greater or lesser degree.
- (b) Secondly, no administrator can function effectively without influencing, in some way or other, not only those who work under him, but also those under whom he works.
- (c) Thirdly, in all administrative functions, there is a dynamic factor which activates the changes a person seeks to bring about.
- (d) Fourthly, like any other kind of effort in which a person may be engaged, the administrative function is basically a social function, bringing people into determinate interrelationships with one another.

It will thus be seen that four important factors concerning personality need to be discussed in connection with the functional approach to the Administrator-Personality.

FACTOR 'INTELLECTUAL'

The demand for a high level of intellectual calibre arises from the fact that governmental administration might involve anything from arbitrating in disputes between individuals, to dealing with large communities having divergent interests and conflicting aspirations. Routine administration, involving the application of rules or the formulation of office procedures for dealing with cases in files, calls for the exercise of intellectual powers. Sometimes, even this may be intellectually taxing. Sometimes, historical retrospects may have to be made before

the administrator is in a position to express his considered opinion. History is one of those elusive entities, which make the disentanglement of fact from fiction exceedingly difficult. The corner-stone of administration is past precedent. "What has been must be" is a veritable first principle of administrative practice. Yet, it is also true that times change, and new precedents have to be established. This again provides a happy hunting ground for the intellectual prowess of the administrator. The Indian Civil Service, the most celebrated administrative service in the world, had its complement of eminent intellectuals, whose contributions to human knowledge in the form of books, treatises and monographs are a standing testimony to the intellectual heights attained by eminent personalities in that service. The Indian Administrative Service, as yet an infant service, will without doubt follow the footsteps of its predecessor, since it draws to its ranks young men who have been singularly successful in their academic pursuits. Provided service conditions offer scope for intellectual development, many of them may be expected to outstrip their civilian predecessors.

FACTOR 'INFLUENCING'

The first step in influencing another person is to get that person to listen to what you say. Among sophisticated people, the common tendency is to speak as much as possible; to air out one's views—sense or nonsense. It thus becomes doubly significant that the man who is successful in getting others listen to him is well on his way to influencing them. The next step in influencing other people is to get them to accept what you say. In sophisticated societies, again, people like to be different from others. Because, for instance, someone expresses the view that the Chinese are war-mongers, the "sweet young thing" would like to be little different, and assert that her recent visit to be a little different, and assert that her recent visit to China convinced her that the Chinese are the most fervent champions of peace—not that she really believes what she says! Hence, the person who is successful in getting others to agree with him has advanced one step further in the effort to influence others. The third, and possibly the decisive step on the road to influencing other people, is to get them do what one wants them to do—not by pressure, but by the sheer force of suggestion. Here again, the sophisticated mind would tend to do just the opposite of what is suggested or even hinted at. In the desire to be different from others—the utter contempt for the mentality of the mob—the superior individual would prefer to walk on the road merely because everyone else is walking on the pavement. The person who is successful in getting others to do what he wants done has got a good

long way on the road to influencing others. It will be evident from this that the administrator's personality, like that of the salesman, has often to be directed to the eventual goal of getting people to do what he wants done. The strength of his influence would lie in the extent to which he makes others listen to him; in getting others to agree with him; and finally in seeing that others do what he wants done.

FACTOR 'DYNAMIC'

Put in the simplest possible way, a person is said to be dynamic when he makes the correct choice between two alternative courses of action, one requiring the exercise of effort, and the other along the line of the least resistance. The dynamic factor comes into play when the choice is in favour of action requiring effort. In Administration, more than in any other sphere of human activity, the tendency to reduce everything to a routine is strong and pronounced. Nevertheless, as will be evident to anyone, no administrative establishment which blindly conforms to routine procedures could achieve anything of wider significance or value. There can be no doubt that the working efficiency of an administrative unit depends almost entirely on the dynamic qualities of the man at the top. If the boss is a man who exerts himself, goes around the establishment and personally supervises the work of his subordinates, carries out periodical checks of progress, and thinks out possible improvements in the way things are done, the establishment will function as an active, progressing entity. If, however, the head is a man who adheres strictly to past practice, even if he is prompt, punctual and painstaking, or is meticulously correct with regard to detail, the very fact that the routine of office becomes crystallized in mechanized procedures will lead to stagnation. Progress in administration depends to no small extent on the efforts put in, not only by the head of the administration, but also by those working under him, for the achievement of the essential purposes which the administration is committed to serve.

FACTOR 'SOCIAL'

Human personality derives all its richness and colour from the fact that it has reference to a society in which the individual lives, moves and has his being. A man is tall only in comparison with others who are short. A woman is fat only in contrast with those who are thin. If there were no persons to annoy you, you cannot lose your temper. If there were no people before whom you can show off, you cannot be vain. At every turn, then, your personality and mine acquire their distinctiveness, their fame, their notoriety from a social reference. A significant fact is that we act on our social environment, and the

social environment acts on us. Herein lies the big difference between human beings and the material objects. Two chairs might remain side by side for any length of time without either of them acting on the other. Not so with human beings. Even two new born babies in a hospital nursery will soon establish personal relationships of a childish nature if they were to remain for long in close proximity. It is a fact of common experience that we exercise a mental impact on our neighbours and our neighbours exercise an impact on us, even though we may not be in constant personal contact. Friendships, cordialities, aversions, resentments, and hostilities develop in every person's daily concourse with other people. Hence, the social factor in personality has an important bearing on the function of the administrator. Its most striking effects, from the point of view of his official responsibilities, would lie in what is termed 'Public Relations'. A City Magistrate or a District Collector has, for example, to come in contact with a large variety of people. His social life has to be covered by personal characteristics which make him acceptable to the public, not only when normal peaceful conditions prevail, but even more so during times of stress and strain.

CONCLUSION

To sum up, the psychological criteria of suitability of the Administrative Services may be grouped under three main heads—Practical Intelligence, Administrative Aptitude, and Personality Characteristics. Not only does the civilian administrator need to possess high intelligence, but he has to exercise his intelligence in an effective manner, particularly when he is confronted with problems having a social significance. He has therefore to prove adequate in meeting concrete, practical problems not merely abstractions which might be of theoretical interest. Aptitude for administration consists, among other things, of capacity to grasp the essentials of problem situations, an objective way of viewing such situations, foresight, balanced judgment, decisiveness and determination. Administrative training serves to develop these propensities in an individual. Lastly, the personality of the administrator needs to be intellectually sound, capable of influencing other people, imbued with a capacity for creative effort, and agreeable to the several kinds of social groupings to be administered.

THE SECRETARIAT TRAINING SCHOOL

Gopeshwar Nath

THE need for providing adequate facilities for imparting training to all grades of Government servants in the Government of India Secretariat had been recognised for a long time. As early as 1937, following a recommendation made by the Maxwell Committee, the then Home Department (now Ministry of Home Affairs) drew up a scheme for the training of Assistants and Clerks and communicated it to the other Departments suggesting that the scheme with such variations as might be necessitated by the particular requirements of the individual departments should be introduced. At that time the number of persons recruited annually was very small and there was a fairly strong nucleus of experienced Assistants and Superintendents, who could devote time to "on the job" training of the new entrants who joined service in each organisation every year. The system worked fairly satisfactorily. The lack of facilities for "pre-entry" institutional training did not, therefore, present any serious problems at that time. With the outbreak of the Second World War, however, the position underwent a radical change; and by 1943-44 it became evident that due to the steeply rising tempo of work, the very large number of people who were being recruited, the relaxed standards of recruitment, and the dilution of staff at all levels due to the distribution of experienced staff among the various new offices and units coming up, it was no longer possible for newcomers to be trained effectively "on the job" and that it was necessary to set up an organisation to train the staff if they were to make themselves fully useful to the Government. It is interesting to note that at about the same time a Committee was set up in the United Kingdom under the Chairmanship of Sir Ralph Assheton, to consider the question of the training of civil servants in that country. This Committee, known as the Assheton Committee, recommended *inter alia* that "it would be desirable to provide a course of training for public servants after their recruitment" and that "all classes of entrants to the public services would serve the public better if they were given a course of training adjusted to the nature of their job". The Committee added that "it was not sufficient to train a person solely for the job which he had immediately at hand" and that "training must be directed not only to enable an individual to perform his current work more efficiently, but also to develop his capacity for higher work and greater responsibilities".

Subsequently, as a result of the Partition of the country in 1947 and the transfer of a large number of experienced members of the staff to Pakistan, the position deteriorated further. Not only did the Government of India lose the services of some of its experienced staff, it had to make arrangements for providing employment to the displaced Government servants from Pakistan. Many of these displaced Government servants who were absorbed in the Central Secretariat and Attached offices had been employed in non-Secretariat offices in Pakistan, in the capacity of Assistant Jailors, Assistant Inspector of Schools, Readers in civil or criminal courts, etc. They had no previous experience of working in a Secretariat office: As a result of all these changes the efficiency of the Secretariat went down further and the need for organising suitable training arrangements for the staff of the Central Secretariat, specially of the large number of displaced Government servants who had been appointed through the Transfer Bureau, became urgent.

About the same time the first Central Pay Commission, which had also examined the question of the training of public servants, endorsed generally the views expressed earlier by the Assheton Committee. They underlined the need for the civil servants to be more consciously directed towards still higher ideals and standards of service which could be achieved only by planned and purposeful training.

In pursuance of these recommendations the Secretariat Training School was set up in May 1948 with one Director (this post was shortly afterwards combined with that of a Deputy Secretary in the Ministry of Home Affairs), three Instructors and a small office staff. The duties initially entrusted to the School were :

- (1) Training of new entrants to the grade of Assistants in the Secretariat and Attached offices,
- (2) conducting refresher courses for the Assistants and Junior Superintendents already serving in the Secretariat and Attached offices, and
- (3) training of Assistants and Clerks in typewriting.

Subsequently, with the introduction of the Central Secretariat Service (Reorganisation and Re-inforcement) Scheme which *inter alia* provided that a certain proportion of the posts in Grade III of the Central Secretariat Service, i.e., of Assistant Superintendents (also called Section Officers, Grade III), should be filled by direct recruitment on the results of the examinations held by the Union Public Service Commission for recruitment to the Indian Administrative Service and other Central Services, the *ab initio* training of Assistant Superintendents was

also taken up by the School. In addition, it was decided that the pre-registration testing in typewriting and shorthand, of the candidates seeking registration at the Delhi Employment Exchange as Typists and Stenographers, should also be done by the School.

The organisational set-up and functions of the School continued more or less unchanged until about the end of the year 1955 when the Government of India decided that the training facilities available in the School should be considerably augmented in order that the School may be in a position to undertake the training of the large numbers of Assistants and Assistant Superintendents who were on the point of being recruited through the Union Public Service Commission and also to arrange for the refresher training of the large number of such officers already employed in the Secretariat who had not gone through a systematic course of training before. Accordingly, a full-time post of Director in the grade of Deputy Secretary was sanctioned; two posts of Instructors which had been in the Grade of Assistant Secretary were replaced by four posts of Instructors in Grade I of the Central Secretariat Service (Under Secretaries) and an additional post of Typewriting Instructor, included in Grade I of the Central Secretariat Stenographers' Service, was created. As a part of the reorganisation, all the posts in the School, except that of the first Typewriting Instructor, were included in the Central Secretariat Service, Central Secretariat Stenographers' Service or the Central Secretariat Clerical Service. As a result it became possible for the School to secure the services of experienced serving officers from the Government of India Secretariat, particularly, for the instructional posts, and this was found to be extremely useful for the efficient functioning of the School. After this reorganisation the School was in a position to train 100 persons at a time in two classes of 50 each. In view of the large scale recruitment to the grade of Assistants made in subsequent years it became necessary to increase the training capacity of the School further and towards the end of 1958 two more posts of Instructors were sanctioned for the School and it then became possible for the School to admit up to a maximum of 200 persons at a time in four classes of 50 trainees each.

The functions of the School now include :

- (a) Provision of *ab initio* training to direct recruits to the Grades of Section Officers, Assistants and Lower Division Clerks.
- (b) Holding of refresher courses for those already employed in these Grades.
- (c) Training in typewriting.

- (d) Holding tests in typewriting and shorthand on behalf of the Director-General of Resettlement and Employment.
- (e) Holding of annual tests in stenography for selection of suitable Stenographers for appointment as Reporters.

The courses of study cover the following subjects :

- (1) Constitution of India.
- (2) Organisation of the Government of India Secretariat.
- (3) Office Procedure.
- (4) Rules of Procedure and Conduct of Business in Parliament.
- (5) General Rules and Orders governing the recruitment, conditions of service, conduct, discipline, etc. of Government servants.
- (6) Financial Rules.
- (7) Planning and economic development.
- (8) Typewriting.

All books of reference pertaining to the different subjects taught in the School are supplied free of charge to the trainees. These are kept corrected up-to-date and are supplied to successive batches of trainees coming to the School.

TRAINING OF SECTION OFFICERS

As stated earlier, direct recruitment to the grade of Section Officers is made through open competitive examinations held by the Union Public Service Commission for appointment to the Indian Administrative Service and other Central Services. On appointment these candidates are posted directly to the School for training, which lasts for a period of one year. During this period the trainees remain on the strength of the School for all purposes.

The whole course of theoretical training, mentioned earlier is covered in three months. Instructions are given generally by the lecture method but the trainees are encouraged to ask questions and, as far as possible, the other trainees in the class room are called upon to give suitable replies, the Instructor incharge of course, helping them where necessary, by supplementing their replies. But now that the number of Section Officers to be recruited directly each year has come down and the period of their attachment to the School has been increased, it is proposed to adopt the syndicate method or that of group discussions for the purpose of imparting training to Section Officers in some subjects, specially during the second period of their attachment to the School.

Towards the end of two months the probationers are required to appear at a preliminary examination. After the completion of three months' theoretical training they are posted for practical training in Secretariat work in the Ministries for three months. Detailed instructions are given to the Ministries for the proper utilisation of this period of practical training so that the probationers acquire a thorough knowledge of all types of work done in the Ministries and get an idea of their own responsibilities in the machinery of Government. During this period weekly progress reports are submitted by the probationers through their Ministries and a watch is kept by the School on the progress of the training received by them. On the completion of the practical training the probationers return to the School for a further period of one month (since increased to two months) for general instructions which may be found necessary in the light of their practical training. Any doubts or difficulties which they might have encountered during the practical training are also discussed and cleared. During this period Supervisory Training, consisting of the following programmes, is also given :

- (1) Instruction Programme.
- (2) Methods Programme.
- (3) Relations Programme.

In these Programmes an effort is made to give the probationers some idea as to how instructions should be given to the staff or received from the superiors; how methods of work should be improved by developing an analytical or even critical attitude towards their work; and how harmonious relations should be developed and maintained among the different members of the staff so that they may all work as a team and with a spirit of service. It has recently been decided to include also a short course of six lectures on 'Work and Methods Study' for the benefit of these probationers.

At the end of the second period of their attachment to the School, the Section Officers (probationers) are required to appear at the final examination. Thereafter they are posted to different Ministries for the remaining part of their training period of one year. During this period they are initially attached to senior Section Officers and are encouraged to perform all the duties of a Section Officer under the guidance of the regular Section Officer. After completing one year's training as above, they are posted against regular duty posts of Section Officers and they continue on probation for a further period of one year. They are given full charge of light sections to begin with so as to afford them an opportunity to prove their suitability for permanent absorption in the Section Officers Grade. At the end of two

years, which is the prescribed period of probation, if the Section Officers have completed their probation satisfactorily and have passed the final examination held by the School, they are confirmed in the Section Officers Grade of the Central Secretariat Service.

The Section Officers, who prior to their appointment as such, on the results of the Combined Competitive Examinations, may have already received training in the School as Assistants are given only one month's training (since increased to two months) normally given to the probationers after the three months' theoretical training in the School and three months' practical training in the Ministries. As they have already passed the examinations held by the School no further examination is prescribed for them. The period of probation of two years, however, remains unaffected in their case also.

TRAINING OF ASSISTANTS

Assistants are recruited through open competitive examinations held periodically by the Union Public Service Commission. They are employed in the Ministries and Attached offices on the work of noting and drafting on important cases. The theoretical training course is spread over a period of three months. The method of training adopted in their case also is that by lectures because the number of trainees in each class is usually large—up to 50—and although the course is sufficiently wide, the duration of the theoretical training is only three months. With the decrease in the rate of annual recruitment, however, the question of organising smaller classes and using the Syndicate or Group Discussion method, at least to some extent, is proposed to be examined in due course.

At the end of about six weeks of their training they are required to appear at a preliminary examination. The final examination is held towards the end of the training period. They are then posted to different Ministries for three months for practical training. The course of instruction in the School combined with the three months' practical training in the Ministries is designed to give the trainees a full and comprehensive idea of the work which they will normally have to attend to in a Secretariat office. At the end of six months' training the Assistants are posted to the Ministries for regular duties. During the next six months of their 12 months' probationary period they are entrusted with regular work which Assistants are normally required to perform. At the end of one year, if their work and conduct during probation have been satisfactory and they have passed the final examination conducted by the School, they are confirmed as Assistants in the Assistants' Grade of the Central Secretariat Service.

TRAINING OF LOWER DIVISION CLERKS

In addition to the training of Section Officers and Assistants, the School has recently started the training of Lower Division Clerks. Recruitment to this grade by competitive examination had been stopped for a long time. Towards the end of 1958 a competitive examination was held by the Union Public Service Commission for recruitment to the grade of Clerks. Another examination was held in December 1959. The training course for Lower Division Clerks is covered in a period of three months. The training is given by means of lectures in accordance with the syllabus which has been drawn up in consultation with the Organisation and Methods Division of the Cabinet Secretariat. Although these clerks have passed the Union Public Service Commission typewriting test at a speed of 30 words per minute, yet they are given further instruction in typewriting in the School so as to enable them to acquire a thorough mastery of typewriting in all its aspects such as mastery of the key-board, mechanism and upkeep of the typewriter, rules of display and economy in the use of accessories. This instruction enables the trainees to type with neatness and accuracy, observing rules of display and without undue fatigue.

At the end of about six weeks of their training the clerks are required to appear at a preliminary examination. The final examination is held towards the end of the training period. They are then posted to the different Ministries and Offices. There is no provision for practical training in their case because the Course of Instruction in the School is so designed as to give them full and comprehensive training in the type of work which they will normally have to attend to in a Secretariat office. In fact, the training given is such as to make them fully competent to perform the duties of even Upper Division Clerks, if called upon to do so. Provision has been made in the Syllabus for teaching Hindi to those Lower Division Clerks who do not have any knowledge of the language.

REFRESHER COURSE TRAINING

During the first seven or eight years of its existence the School conducted a number of Refresher Courses for the training of Section Officers and Assistants already employed in the Ministries and Attached offices. But these Refresher Courses had to be discontinued from 1956 in order to cope with the training of large numbers of direct recruits to the grades of Assistants and Section Officers. It is now proposed to start this training again on a regular basis for junior Section Officers already working in the Ministries. The syllabus for Refresher Course Training is more or less the same as that for direct

recruits, but the Refresher Courses are compressed into a brief period of six to eight weeks. It is proposed to conduct these Courses by the Group Discussion Method.

TRAINING IN TYPEWRITING

Typewriting is one of the subjects taught to all the trainees whether they belong to the Clerical or Supervisory grades, like Section Officers. It has been widely recognised that typing skill is essential for all classes of Government servants because it endows them with a speed of communication at least twice as great as the pen, with vastly greater ease, legibility, permanence and facility of duplication. The School uses the latest audio-visual aids for instruction in typewriting, such as charts, lessons, loop films, rhythmic gramophone records and documentary films on typewriting and stenography as office arts. Modern scientific principles of teaching are employed which enable the trainees to acquire a thorough mastery of typewriting in all its aspects. An integral part of the training course in typewriting is the series of examinations and time tests that all the trainees have to answer—one diagnostic test at the beginning of the course, 14 graded tests held periodically and a final examination.

Lower Division Clerks and Upper Division Clerks already employed in the Ministries and Attached offices of the Government of India in Delhi are also given training in typewriting. The Assistants who are unsuccessful in typewriting tests held by the Union Public Service Commission and whose increments are stopped on that account are also given training along with Lower Division Clerks and Upper Division Clerks. The typewriting training course is covered in 30 working hours—an hour's instruction being given each day. The trainees are nominated by their Ministries and after an hour's instruction in the School they return to their offices for work for the rest of the day.

TRAINING IN HINDI TYPEWRITING

Under the auspices of the Hindi Teaching Scheme of the Ministry of Home Affairs, arrangements have been made in the School for imparting training in Hindi Typewriting and Stenography as well. This training is also given on the same modern and scientific lines as are being followed for English typewriting.

TRAINING IN CASH AND ACCOUNTS

The question of imparting training to the staff of the Central Secretariat who are engaged on Cash and Accounts duties had been

under the consideration of the Government of India for some time. With the delegation of greater financial powers to the administrative Ministries, the question assumed further importance. It was, therefore, decided by Government to start a course of training in Cash and Accounts work. A syllabus for the training course was finalised, in consultation with the Ministry of Finance and the Comptroller and Auditor General of India, and a detailed scheme for imparting such training was worked out. The training courses in Cash and Accounts are likely to be started shortly. It is expected that after receiving this training the persons concerned will be of great use in the Cash, Accounts and Establishment Sections, which will result in the prompt and efficient disposal of personal cases and other work in those Sections.

SPECIAL LECTURES

As a part of the training programme the School invites senior officers from different Ministries and Offices, and also some outsiders, during each course of training to speak to the trainees about the work done by them. Beginning from last year talks on various aspects of Public Administration are also being arranged with the kind co-operation of the Professors and Assistant Professors of the Indian School of Public Administration, run by the Indian Institute of Public Administration. These talks by persons who could speak with expert knowledge and years of experience prove to be of considerable benefit to the trainees.

STUDY, VISITS AND TOURS

In order that the trainees may have a first-hand knowledge of the work done in some important institutions they are taken round to places of educative and general interest in Delhi. The probationary Section Officers are also taken round on a study tour to some multi-purpose projects outside Delhi. These visits, combined with the special lectures help to improve the general knowledge and broaden the outlook of the trainees.

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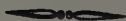
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During the last thirteen years of its existence, the Secretariat Training School has been striving its best to give proper training on the lines indicated in the preceding paragraphs, to the various grades of Government servants who have been coming to it. In doing so the School has always kept in mind that mere technical efficiency is not likely to make a good Government servant. As a part of the training,

an attempt is, therefore, always made to inculcate in every new entrant to the service a high code of conduct in the discharge of whatever duties might be entrusted to him. The importance of forming from the very beginning correct habits like punctuality and regularity is emphasised. Special stress is laid on the development of character and good human qualities like industry, integrity and devotion to duty. The training given in the School is designed to give a new entrant not only the necessary knowledge and skill for the expert performance of his duties, but to inspire in him a sense of pride and achievement and to lead him to identify himself fully with the office of which he is going to be a part, because it is realised that unless an individual obtains full satisfaction from the performance of his task and feels that he is achieving something of real value, he will develop neither pride in his work nor pride in his office or organisation. The trainees are encouraged to develop a human approach to all problems and are told that the welfare of the citizen is the aim of all administration and should be the Government servant's constant guide, since, in the words of our Prime Minister, "Administration is in the final analysis a human problem to deal with human beings, not with some statistical data."

But with the limited training capacity of the School it has not been possible to make any marked impression in the matter of improvement in the efficiency of the Government of India Secretariat as a whole. It might be mentioned, however, that the persons who have received training in the School have been generally found to be definitely more useful and efficient than their counterparts, who have not had the benefit of such training, and are very much in demand in almost all the Ministries. The task of improving the efficiency of the Government machinery so as to enable it to cut out delays and red-tapism completely and to make an impression on the public mind, is a gigantic one. The Prime Minister while replying to a debate in the Lok Sabha on the report of the O & M Division, over a year ago, had also observed that "Basically the present delays and troubles arise from the fact that Government work had expanded enormously without anything like a proportionate improvement in the training facilities, and the result was that quality at the top was high but this had been progressively diluted." It is, therefore, clear that the need of the moment is to expand and improve upon the training facilities which are available today in the country so that as large a number as possible of Government employees, both direct recruits and those already in employment, could be given a suitable course of training designed to enable them to perform their duties in an efficient manner. So far as the Secretariat Training School is concerned, there has been considerable expansion of its training capacity during the last four or five years.

The programmes of training are also being reviewed from time to time with a view to effecting improvements and to introducing new Courses. It is hoped that in the years to come this School will play an effective part in the important task of improvement of the efficiency of the Government of India Secretariat and other Offices.



PANCHAYAT SAMITI STAFF : TROUBLE AHEAD

David C. Potter

WHETHER or not Panchayati Raj will place all rural people squarely inside the Community Development Programme, as is intended, is a question which must await future analysis. It is already evident, however, that Rajasthan's experiment in Panchayati Raj is disrupting staff relations in the Panchayat Samitis (community development blocks) where close co-ordination between community development staff (*i.e.*, "teamwork") is considered essential. One man's analysis of this difficulty is presented here for criticism and comment.

PANCHAYAT SAMITI OFFICERS

In general, Panchayat Samiti staff in Rajasthan include the following officers : (1) Vikas Adhikari (Block Development Officer); (2) up to 12 Extension Officers ("shadow blocks" and pre-extension blocks possess only a limited number of Extension Officers). The Government of Rajasthan appoints each officer to the Samiti under orders of deputation containing the following terms and conditions:¹

1. Pay and other emoluments. As admissible to him under the State Government from time to time together with special pay, if any, as may be attached to the post under the Panchayat Samiti.
2. Leave, Travelling Allowance and Medical Attendance. As admissible to him as an officer of the State Government.
3. Pay and Travelling Allowance on joining the post under the Panchayat Samiti, or on transfer to another Panchayat Samiti or on reversion. As admissible under the Rajasthan Service Rules and Travelling Allowance Rules, and to be paid by the Panchayat Samiti except on transfer from one Panchayat Samiti to another in which case the receiving Panchayat Samiti will pay.
4. Leave Salary. The Panchayat Samiti shall pay leave salary, if leave is taken during the period of deputation.

1. A sample deputation order is contained in the *Rajasthan Gazette Extraordinary*, December 10, 1959, Appendix "T".

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| 5. Pension and Provident Fund Contribution. | The Panchayat Samiti shall pay pension and Provident Fund contribution, as the case may be. |
| 6. Period. | Two years in the first instance. He shall be liable to be withdrawn at any time if he becomes due for promotion or for other administrative reasons. |
| 7. House Rent Allowance. | If residential accommodation is provided, he will pay rent in accordance with the rules. |

Other terms and conditions of deputation are contained in the Rajasthan Panchayat Samitis (Terms and Conditions of Deputation of Vikas Adhikaris, Extension Officers and other Officers) Rules, 1959. The period of deputation is two years, after which it can be extended by the Government of Rajasthan in consultations with the Pradhan (Chairman of the Samiti). During this period of deputation, the Officer continues to earn increments and promotion in his parent cadre as usual. He continues to be governed by the Service Rules applicable to the cadre to which he belongs. He continues to be under the administrative and disciplinary control of the Government of Rajasthan, except that the Pradhan has power to sanction casual leave to the Vikas Adhikari and the Vikas Adhikari has power to sanction casual leave to the Extension Officers. He can be transferred by the Government in consultation with the Pradhan, and he can be withdrawn by the Government at any time if he becomes due for promotion in his parent cadre or for "other administrative reasons".

Each Panchayat Samiti Officer is responsible to an immediate superior located at the District level, as follows :

<i>Title of Panchayat Samiti Officer</i>	<i>Title of immediate superior</i>
1. Vikas Adhikari	Collector
2. Agriculture Extension Officer	District Agriculture Officer
3. Extension Officer (Animal Husbandry)	District Animal Husbandry Officer
4. Inspector, Co-operative Societies	Assistant Registrar, Co-operative Societies (District)
5. Extension Officer (Panchayats)	Assistant to Collector, Development and Panchayats
6. Extension Officer (Industries)	District Industries Officer
7. Overseer	District Engineer

<i>Title of Panchayat Samiti Officer</i>	<i>Title of immediate Superior</i>
8. Sub-Deputy Inspector of Schools	District Inspector of Schools
9. Sanitary Inspector	District Medical Health Officer
10. Social Education Officer	District Social Education Officer
11. Social Education Officer (woman)	Same
12. Progress Assistant	District Statistical Inspector
13. Accountant	

(A very recent decision will place an Accountant on deputation to the Samiti. He will receive the pay of an Upper Division Clerk.)

These district officers are outside the control of the Panchayati Raj structure. They are of the Collector's "team", and that gentleman (who now doubles as District Development Officer) is not a voting member of the Zila Parishad.² Although the Collector's exact relationship to the Zila Parishad is not defined, it is clear that he is not responsible to that body.³ In most routine administrative matters, the Panchayat Samiti Extension Officers are responsible to the Vikas Adhikari.

A fluid situation exists at present in Rajasthan regarding the post of Vikas Adhikari. Personnel from cadres of I.A.S., R.A.S., R.T.S., R.P.S., and from various development Departments are now on deputation to the Panchayat Samiti as Vikas Adhikari. A recent Government of Rajasthan decision is to fill the post of Vikas Adhikari with exclusively R.A.S. cadre personnel. Transfer and promotion in this cadre tends to be swift. It follows that most Vikas Adhikaris will possess allegiance elsewhere than to the Panchayat Samiti.

All Panchayat Samiti officers, therefore, are on deputation to the Samiti, and are responsible to immediate superiors outside the control of the Panchayati Raj structure. All these officers belong to the Government of Rajasthan, not to the Panchayat Samiti.

OTHER STAFF

Other staff are encadred in the Rajasthan Panchayat Samiti and Zila Parishad Service (hereafter called the Service). The position of the Service is defined in certain provisions contained in the *Rajasthan*

2. *Rajasthan Panchayat Samiti and Zila Parishad Act, 1959*, sec. 42(5). The Zila Parishad is the Panchayati Raj local body at the District level.

3. *Ibid*, sections 53(1), 53(2), 59.

Panchayat Samiti and Zila Parishad Act, 1959 (hereafter called the *Act*), and in the *Rajasthan Panchayat Samiti and Zila Parishad Service Rules, 1959* (hereafter called the *Rules*). The Service consists of the following categories of posts:

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| 1. Village Level Workers | 10. Dressers |
| 2. Gram Sevikas | 11. Vaccinators |
| 3. Primary School Teachers | 12. (i) U.D.C.s (including Account Clerks) |
| 4. Field-men | (ii) L.D.C.s (including Typists) |
| 5. Stock-men | |
| 6. Stock Assistant | 13. Drivers |
| 7. Veterinary Compounder | 14. Project Operators |
| 8. Poultry Demonstrator | 15. Mates (Industries) |
| 9. Sheep and Wool Supervisors | |

The Government of Rajasthan fixes the strength of each category of posts "which it may consider necessary for each Panchayat Samiti".⁴ The Panchayat Samiti may create additional posts, subject to the conditions that prior approval is obtained from the Government of Rajasthan, and that only posts of fixed Government categories may be augmented.⁵ In fact, the Government of Rajasthan creates all staff posts for the Panchayat Samiti.

Vacancies in Service posts are filled either by direct recruitment in the lowest grade of each category of post, by promotion from a lower to a higher grade in the same category, or by transfer of persons holding the same post under another Panchayat Samiti. The age requirement, ordinarily 18-25 years, is relaxed in the case of Scheduled Castes and Scheduled Tribes (18-30 years), ex-Servicemen (18-50 years), and Jagirdars until 31 December, 1961 (18-40 years).⁶ All persons holding the various categories of posts included in the Service immediately prior to the constitution of the Service (2 October, 1959) were deemed to have been substantively appointed to the Panchayat Samitis.⁷ Both permanent and temporary employees who exercised their option under the Rules not to become a member of the Service were either absorbed in another post of the former appointing authority or served with a notice of discharge. Many personnel did exercise this option, primarily in fear that they would be placed at the mercy of the Pradhan. Some of the best clerks were absorbed back into relevant departments. This is the view of one Vikas Adhikari who passed through the change-over. The quality of office work has suffered,

4. *Act*, sec. 31(1).

5. *Act*, sec. 31(2).

6. *Rules*, sec. 10.

7. *Rules*, sec. 5(1).

while new staff are being trained. Figures of the number of personnel who left and the number who remained are not available.

The procedure for direct recruitment is as follows : The Panchayat Samiti sends a requisition for direct recruits to the Selection Commission which consists of two persons of suitable qualifications appointed by the Government of Rajasthan, and the Pramukh of the Zila Parishad.⁸ One of the two Government appointees is nominated as Chairman by the Government.⁹ On receipt of a requisition, the Commission invites applications through Employment Exchanges located in each District. The Commission selects persons for posts in the Service. They then prepare a district-wise list of candidates considered suitable for appointment to each category of post and these are sent to a District Establishment Committee in each District.¹⁰ Each District Establishment Committee is composed of one of the Government-nominated members of the Commission as Chairman, the Collector, and the Pramukh.¹¹ The Committee merely allots candidates to each Panchayat Samiti from the list sent to it from the Commission in the order in which the names appear on the list.¹² Finally, the Panchayat Samiti formerly appoints the candidates allotted to them by the Committee.¹³

Selection by promotion and transfer is done on the basis of seniority and merit by the District Establishment Committee. The Committee invites recommendations from all the Samitis in the District in the various grades to be filled in this manner, considers the recommendations, prepares a list of suitable candidates from each grade and category according to seniority, and allots persons to each Samiti in the order in which names appear on the list. The Panchayat Samiti merely appoints the person allotted to a particular post by the Committee.¹⁴

The scales of pay and special allowances for each category of post in the Service, the qualifications for direct recruitment, the post from which appointment can be made by promotion, and the minimum experience qualifications required for promotion are fixed by the Government of Rajasthan.¹⁵ All matters involving conditions of service of the members of the Service such as pay, allowances, pension, leave, are regulated by the Rajasthan Service Rules.¹⁶

8. *Act*, sec. 86(6i,6ii).

9. *Act*, sec. 86(7).

10. *Rules*, sec. 18(1).

11. *Act*, sec. 88(1).

12. *Rules*, sec. 18(2).

13. *Rules*, sec. 19.

14. *Rules*, secs. 20, 21, 22.

15. *Rules*, secs. 4, 6, 11, 20, 31.

16. *Rules*, sec. 34. For reference, see *The Rajasthan Service Rules*, 3rd ed., as corrected and amended up to 31st June, 1960.

It would seem that the Government of Rajasthan is again the parent authority in the case of the Service. It creates the posts, recruits and selects the personnel through a Commission which it dominates, fixes pay, and regulates all matters involving conditions of service. Finally, Class IV servants are regulated by Government rules. To clinch the position, the Vikas Adhikari is the Appointing Authority.¹⁷

The question may be asked : does the Panchayat Samiti possess its own staff ? In theory, no—and this should be considered when attempting to describe Panchayati Raj, at present, as a system of local self-government.

IN PRACTICE

In the brief time between October 2, 1959 (the creation of Panchayati Raj in Rajasthan) and December 1960 (new panchayat elections in Rajasthan), a number of Panchayat Samitis were able to make some modifications in this rather rigid position. Categorical statements are impossible to make about the hurly-burly of the first 18 months of Panchayati Raj. But if the writer may be permitted to cite an impression gathered after a three-month tour in several Panchayat Samitis, it is that a number of Service staff, towards the end of 1960, owed allegiance of one sort or another to the leading group in the non-official membership. There are three reasons which lend support to this impression.

In the first case, a number of vacancies in Service posts were created at the outset of Panchayati Raj, requiring immediate occupancy. The rules of the Service allow temporary employment not exceeding six months to be filled by the Appointing Authority, in this case, the Panchayat Samiti.¹⁸ This can be extended up to 12 months with the concurrence of the District Establishment Committee.¹⁹ Many of the Service personnel have been temporarily appointed in this manner, and are waiting for permanent status from the Commission. In a subtle way, these personnel are Samiti personnel.

Secondly, disciplinary proceedings can be started against Service staff by the Samiti with the prior approval of the District Establishment Committee.²⁰ Even more, the Samiti has full powers

17. *Act*, sec. 30(3).

18. *Rules*, sec. 23(1, 2, 3).

19. *Rules*, sec. 23(4).

20. *Act*, sec. 89(3, 4). The Vikas Adhikari has power only to censure Service staff. See *Act*, sec. 2(Bi).

to withhold one increment of salary from any member of the Service.²¹ The loss or delay of one increment of salary for such staff as primary school teachers and clerks can work extreme hardship, as anyone conversant with Indian rural life will readily understand. Such disciplinary proceedings in Rajasthan have been rare, but the potential use of this power, not necessarily the exercise of it, also serves to create a subtle distinction between officers on deputation and staff in the Service.

The third reason is perhaps the most forceful. Service staff are invariably residents of the Samiti area or the District. The Selection Commission, it will be remembered, selects by District. Most of the primary school teachers are residents of the village in which they teach, and clerks tend to be from the large village or small town in which the Samiti office is located. Local leaders who have come to power in the Samiti as Sarpanch or co-opted member also reside in the Samiti area or in the District. Samiti members tend to know personally many Samiti Service staff. This is because members and service staff grew up in the same town or village, because they went to the same school, because they are related, or simply because they live in the same area and tend, as is true in most rural situations, to possess fairly circumscribed area loyalties. On the other hand, Samiti officers on deputation come from other parts of Rajasthan or, in many cases, from other states of India. Local leadership may change in the Samiti at election time, as is the tendency in democratic government. Nevertheless, when the new Samiti meets for the first time at Samiti headquarters, the newly-elected members will find friends and relations in Service posts; they will find strangers in official posts. And during the three-year life of a Samiti, the officers will come and go, the Service will remain.

EFFECT ON COMMUNITY DEVELOPMENT

Immediate attention to this split personality in the Panchayat Samiti staff is essential. The success of the Community Development Programme, on which much depends, may be in jeopardy.

This Programme relies heavily on the ability of specially trained personnel to induce village people (by offer of grant-in-aid and loans, and through extension methods) to participate actively, and to take initiative ultimately, in matters which directly concern their welfare. The essential community development staff would include: (1) the Block Development Officer (Vikas Adhikari), (2) Extension Officers, and (3) Village Level Workers (Gram Sevaks). The result of Panchayati

21. Act, sec. 89(3).

Raj has been, on the one hand, to place the officers on deputation, and, on the other hand, to place the Gram Sevaks in the Panchayat Samiti and Zila Parishad Service. The inherent danger in this arrangement can be inferred from the preceding analysis.

The Gram Sevak, as the link between the Programme and the people, is the most important piece of equipment in the Community Development Programme. He has been trained in extension methods of direct contact, result demonstration, method demonstration, working with village leaders, encouraging village group action, and use of visual aids. His functional workload has been reduced in order that he devotes over 70% of his time exclusively to agricultural production. He has an important role to play in increasing agricultural production so essential to India's future. And although there has been considerable comment from some quarters about the inefficiency of this functionary in India, persons who have had the opportunity to meet personally a number of Gram Sevaks in Rajasthan rate their ability and character as high. A close working relationship between the Gram Sevak and the Agriculture Extension Officer, for example, is obviously important if the results of agricultural research and the inculcation of improved agricultural methods and techniques are to reach the farmers of Rajasthan. By placing these two personnel in different cadres, this close relationship is lost.

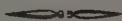
A SUGGESTION

The Samiti Service is probably the genesis of a Samiti staff, and it is clear that the Samiti, as local government, must eventually possess its own staff. Furthermore, the necessity to place trained specialists as officers on deputation to the Samiti is also there, in the absence as yet of any other source of such personnel. This suggestion is made in an attempt to retain the Service and still to preserve the essentials of the Community Development Programme.

The suggestion is that the village level worker be relieved of his status as a member of the Service and placed in the Agriculture Department on deputation to the Panchayat Samiti. Will this destroy his position as a multi-purpose worker? No, for he is already far from this, according to directives. For example, he does not distribute seed and fertilizer (given to co-operatives); he has nothing to do with rural dispensaries (given to the Medical Department); he has nothing to do with schools and school teachers, with communications, or with Industries.²²

22. D.O. No. Dc. 4/1958, as contained in Rajasthan, Development Department, *Our Programme* (12 Points), 2nd October, 1958, sec. 3, Jaipur; Government Central Press.

The criticism may be that the suggestion cuts at the very roots of Panchayati Raj. The reply to this criticism is this : there is general agreement that increased agricultural production takes priority in rural India. The Community Development Programme still has an important role to play in this development, the Gram Sevak particularly so. To have or not to have local government in rural Rajasthan is not the point at issue. The issue is whether or not the Government of Rajasthan can afford to hurt an important part of the agricultural production programme (Gram Sevak) in its rush to make local government a reality. In the light of this analysis of Samiti staff relations, the Community Development Programme is in danger because of Panchayati Raj.



A GOOD ADMINISTRATOR

1. Has willingness to assume responsibilities.
2. Demonstrates continuing personal growth.
3. Is disposed toward action.
4. Is a good listener who asks pointed questions.
5. Works well with all sorts of people.
6. Seeks ablest obtainable subordinates.
7. Uses institutional resources; doesn't try to do it all and know it all himself.
8. Cares for power only as it contributes to effectiveness—chiefly as a reserve asset.
9. Has self-confidence, and so is ready to admit his limitations and errors.
10. Is hospitable to bad news as well as good.
11. Respects subordinates as much as "superiors".
12. Constantly seeks to improve institutional performance.

IN DEMOCRATIC GOVERNMENT HE RESPECTS
POLITICAL PROCESSES AND RESPONSIBILITIES

—PAUL H. APPLEBY
(in his public lecture on "*Who is a Good Administrator?*" delivered at the Institute on April 14, 1961)

RECENT DEVELOPMENTS IN PUBLIC ADMINISTRATION

(I) INDIA

As a result of the re-examination of the strength and composition of the State cadres of the I.A.S., undertaken in 1959-60, the Government of India has revised the total strength of the Service from 1839 to 2036. In 1951, after the I.A.S. cadres had been constituted for the then Part B States also, the sanctioned strength of the Service was 1203.

Two new Central functional cadres, namely, the Indian Supply Service and the Indian Inspection Service, have been constituted for officers dealing with purchase and inspection work respectively. A new, combined cadre has been set up for Himachal Pradesh and Delhi Administrations to man civil posts in the magisterial, revenue, sales tax, industries, panchayat, co-operative, housing, excise, taxation, civil supplies and Harijan Welfare Departments.

The Union Public Service Commission has, in its tenth annual report, re-emphasised the need for forward planning in the matter of recruitment and training, the initiation of programmes for organised training of university graduates in specialised subjects and expansion of research facilities in various branches of engineering in technical institutions.

The National Academy of Administration has expanded its activities in the matter of refresher courses to cover also Services other than the I.A.S. It organised in February-April 1961 a 6-week refresher

course, with concentration on "Problems and Prospects of Public Enterprises", not restricted to any particular Service, for officers with a seniority of 10 to 15 years of the various Departments of the Central and State Governments in India.

A research centre has been started at the Police Training College, Mount Abu, to study police problems and to suggest scientific and better methods for dealing with them.

The Government of Andhra Pradesh has issued fresh instructions emphasising that the existing powers to discharge probationers should be systematically and vigorously used to reduce the necessity of dispensing with the services of employees at later stages. For declaring suitability for full membership of the service, not only efficiency but also a pass in the special departmental and language tests should be taken into account; and where no such tests are prescribed, a departmental examination would help to assess the suitability of the staff. A period of probation is desirable even in case of promotion.

The Andhra Pradesh Government has decided to train a few officers belonging to the I.A.S. and certain other services in Industrial Management.

The Government of Kerala has decided to remove the existing age restriction for appointments by transfer or promotion in Government services except in respect of District Munsiffs. The existing

requirement of a University degree is to continue for Group I and Group II Services. The upper age limit for Group III Services for which the minimum qualification is a Pre-University Course, will now be 23 years; and the upper age limit for Group IV Services (S.S.L.C. standard) has been reduced from 25 to 21 years. The number of chances, which a candidate should take for a competitive examination, will not be restricted to two and the status quo will continue in regard to qualifications for recruitment by transfer or promotion.

The Madhya Pradesh Government has decided to establish a Government Company, with a Board of seven Directors, to manage the state-owned medium industrial projects set up under the Second Five Year Plan.

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The President of India has made the Government of India (Allocation of Business) Rules, 1961. The First Schedule to the Rules lists 34 Central government departments and agencies and the Second Schedule gives distribution of subjects among the departments.

The Government of U.P. has set up a Committee of Secretaries with the object of providing continuing leadership in securing steady improvement in administrative efficiency and standards.

In Rajasthan, the Excise and Taxation Department has been re-organised. Appellate work under the Sales Tax Act has been transferred to the Board of Revenue from the Commissioner, Excise and Taxation. Administrative and appellate work at Divisional Headquarters has been segregated.

The Government of Mysore has re-organised the existing Planning and Development Departments into:

(1) Planning, Housing and Social Welfare Department; (2) Public Health, Labour and Municipal Administration Department; and (3) Development and Rural Local Administration Department. The Bihar Government has constituted a State Advisory Board of Cultural Education. In Maharashtra, a 9-member State Board for Literature and Culture to encourage research in Marathi Literature and other fields, and a 20-member State Advisory Board for Small Savings have been set up.

* * *

In pursuance of the recommendation of the Pay Commission, the Government of India has liberalised leave travel concession scheme for Government employees and also extended it to industrial and work-charged staff. The Government has also accepted the main recommendations of the Pay Commission in regard to the payment of casual labour at market rates, and where the market rates are lower than the minimum wages fixed for comparable scheduled employments, at the minimum wages so fixed. All casual labour under the Central Government shall have the benefits and safeguards provided under the Minimum Wages (Central) Rules, 1950, in the matter of weekly holidays, working hours, night shifts and payment for overtime.

In Madhya Pradesh, the Government has liberalised the pensionary benefits admissible to its employees. The rate of death-cum-retirement gratuity has been raised from 9/20ths to 10/20ths of a month's emoluments for each completed year of qualifying service. The period of qualifying service for a family pension will be reduced from 25 to 20 years. Temporary or officiating service rendered by an officer followed without interruption by confirmation in the same or another post will

count in full for pension, and fractions of a year of completed service of six months and more will entitle a Government servant to an additional half a year's pension/gratuity. Leave taken out of India will count for pension to the same extent as leave taken in India. The Government's contribution to the Contributory Provident Fund has been raised from 6½ per cent to 8 per cent of the emoluments of the employees, provided they also contribute to the same extent.

The Government of Mysore has, in pursuance of the recommendations of the Pay Committee, revised the pay scales and merged the major part of dearness allowance with pay. The immediate benefit ranges from Rs. 11 to 13 (including the interim relief) for all employees drawing below Rs. 265. The Government has also sanctioned an increase in D.A. to pensioners from Rs. 6 to Rs. 10 p.m. The minimum emoluments of clerks and Class IV servants have been fixed at Rs. 90 and Rs. 60 p.m. respectively.

* * *

The Madhya Pradesh Government has directed that Class IV Government servants should put in forty-eight hours of work in a week. The Government has restricted the maximum amount of casual leave admissible to Government servants to twelve days in a calendar year (16 days for police and jail staff on duty on holidays); not more than eight days' casual leave is to be allowed at any one time, save in exceptional circumstances; and public holidays and weekly offs falling within a period of casual leave are not to be counted as part of the casual leave.

The Government of Mysore has reduced, with effect from 1962, the number of annual closed public holidays from 17 to 15. Optional and regional holidays will be 6 in

place of 11 as at present. Casual leave has been reduced from 15 to 12 days in a year with immediate effect. All Saturdays except the second in every month will be full working days.

The Delhi Administration has issued fresh instructions for dealings with the public, emphasising that everyone should be received courteously and his work disposed of without avoidable delay, and that the practice of acknowledging all letters immediately, and of replying to them in due course but without undue delay, should be introduced.

* * *

An expert Committee has been set up by the Union Ministry of Works, Housing and Supply to suggest measures for eradication of malpractices and corruption in the Central Public Works Department.

The Government of Andhra Pradesh has established an Anti-Corruption Bureau, headed by a Director of the rank of Deputy Inspector-General of Police, to ensure an effective check on corruption in the services and to improve the moral tone of the administration.

In Mysore, the State Government has decided to install suggestion boxes on all the floors of the Vidhana Soudha. One of the Under Secretaries for each Department has been placed in charge of the suggestion box installed near the particular department.

* * *

In Andhra Pradesh, the State Government has constituted, for every Panchayat Samiti, a Standing Committee for the Welfare of Women and Children.

The Rajasthan Government has set up a committee to study the various aspects of the co-operative movement in the context of Democratic Decentralisation.

A review of the impact of community development programme on the rural population and economy, done by the Reserve Bank of India, has revealed that though the progress has been on right lines, the pace has been slow. Statistical data about progress of the community development programmes are unsatisfactory. The assessment has therefore to be qualitative rather than quantitative in nature. Participation by different sections of the community has been unequal. People's contribution to the total expenditure on community development programme was 34.9 per cent during the First Plan; it increased to 40.8 per cent in 1956-57, and then continuously declined to

28.4 per cent for the first six months of 1959-60. Anyway, it seems the programme has lost its original attraction.

The important reports on Democratic Decentralisation which have come out recently are : reports of the Study Team, set up by the Congress Parliamentary Party, on Panchayati Raj in Rajasthan and Andhra; and the report of the Study Team on Democratic Decentralisation in Rajasthan, constituted by the Association of Voluntary Agencies for Rural Development. A digest of the important recommendations contained in these reports appears at 195-199 pages of the *Journal*.

(II) ABROAD

The Pakistan Administrative Staff College, designed to provide advanced training for senior administrators to equip them for higher responsibilities, began operations on December 24, 1960, in Lahore. It has three sessions per year, January-March, April-June, and mid-September—mid-December. The course of studies is conducted in the form of Syndicate-Seminar work and has an Operations Research element. The College is receiving advice and assistance from Syracuse University's Maxwell Graduate School of

Citizenship and Public Affairs and a grant from the Ford Foundation.

The British Government has appointed a Royal Commission on Press to consider how far the various economic and financial factors and production and sale processes tend to diminish the diversity of ownership and control or the number or variety of newspapers, magazines and other periodicals in the U.K., having regard to the importance, in the public interest, of the accurate presentation of news and the free expression of opinion, and to report.



INSTITUTE NEWS

Under the joint sponsorship of the Institute and the Congress for Cultural Freedom, a Seminar on "South and South East Asia Has a Second Look at Democracy" met from February 1 to 8 at the Institute's premises. In addition to India, the States which participated in the Seminar included Pakistan, Burma, Ceylon, Singapore, Malaya, Vietnam, Indonesia, Thailand, Philippines and Japan. A public Symposium on "The Prospects of Democracy in Asia" addressed by seven delegates to the above Seminar was held on the 3rd February.

The Institute convened a Conference on Revenue Boards and District Commissioners at Bhubaneswar on April 8-9.

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Dr. Paul H. Appleby, Visiting Professor at the Indian School of Public Administration, delivered a series of four public lectures as follows: January 31, "Individual Initiative and the Welfare State"; March 14, "The Politician and the Administrator"; April 6, "The Generalist and the Specialist in Administration"; and April 14, "Who is a Good Administrator?".

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The Institute has recently brought out "The Development and Impact of British Administration in India—A Bibliographic Essay" by Bernard S. Cohn (price: Rs. 3.00).



DIGEST OF REPORTS

(1) *PANCHAYATI RAJ IN RAJASTHAN AND ANDHRA, REPORTS OF A STUDY TEAM*; By Congress Party in Parliament, New Delhi, October-December, 1960.

(2) *DEMOCRATIC DECENTRALISATION IN RAJASTHAN, REPORT OF A STUDY TEAM*; By Association of Voluntary Agencies for Rural Development, New Delhi, February 1961.

A seven-man Study Team set up by the Congress Party in Parliament (C.P.P.), with *Shri Raghubir Sahai* as its leader, visited Rajasthan and Andhra in October and December 1960 respectively to study the working of the Panchayati Raj in these States at all the three levels, viz., Zila (District), Block and Village. A five-man Study Team, appointed by the Association of Voluntary Agencies for Rural Development (AVARD), toured Rajasthan in November last. The major findings and recommendations, of administrative interest, of the two Study Teams are digested below :

(I) ORGANISATIONAL MATTERS

(a) *Relations Between the Officials and Non-Officials*

(1) The CPP Team finds that both in Andhra and Rajasthan the elected representatives and the officials at all the levels are generally working in close co-operation with each other. In Rajasthan, on the whole, the relations between the elected Pradhan and the Vikas Adhikari and between the Pramukh and the District Collector are cordial and the work is carried on in a spirit of accommodation and goodwill. The instances of friction are few and far between, and whenever such cases arose, steps were taken to set matters right, either by the suspension of Pradhan or the transfer of the Vikas Adhikari or by District

Collector acting as a mediator. Two members of the CPP Team have stated that in Andhra, unlike in Rajasthan, the Block Development Officer is a junior officer—junior to heads of all other departments in the district—and hence he and the Panchayat Samiti in Andhra cannot and in fact did not get as much ready co-operation and response as in Rajasthan.

The AVARD Team has said that the transfer of responsibilities for development work in the block from the Block Development Officer to the Pradhan has resulted in a mild tussle for power between the Pradhan as representing the people and the Vikas Adhikari (B.D.O.) and the staff under him. As a rule the lack of adjustment is on the side of the Vikas Adhikari. Frequently, though quite unconsciously, he is unprepared to accept the literal consequence of his being placed under the Panchayat Samiti and more particularly under the administrative control of the Pradhan. The Team emphasises that the function of the Vikas Adhikari is to point out the undesirable consequences, if any, of a proposed course of action but if it is insisted upon, he has to carry out the orders. It suggests the holding of seminars for exchange of views between Pradhans and Vikas Adhikaris from different blocks.

(2) The CPP Team noticed that the Pramukhs of Zila Parishads in

Rajasthan were dissatisfied with their present position of simply playing an advisory role. It recommends that in order to make Zila Parishads more effective, the Pramukh may be consulted in regard to the allocation of funds by the Government to the various Panchayat Samitis either by being called at the State Headquarters or some officer visiting the Zila Parishad for consultation.

On the question of the Zila Parishads being invested with more powers, the AVARD Team points out that unlike the Pradhan in the Panchayat Samiti who has administrative control over the previous head of the block, the Pramukh has to discharge all these duties through the Secretary, who is an Assistant to the Collector and not the Collector himself. The Team considers that if the Collector were to function in relation to the Pramukh as the Vikas Adhikari is expected to function in relation to the Pradhan, the Pramukh would have all the scope for work that he needs and would be able to play an important part in moulding the development programme in the district. If the system—permanent officials working under elected people's representatives—can work at the State level and the Panchayat Samiti level, there is no reason why it cannot work at the district level.

(3) The CPP Team suggests that in Rajasthan there should be a separate Minister for Community Development and Co-operation, who should not hold any other portfolio.

(4) (i) In Andhra, many of the functions performed by the old defunct District Boards have been transferred to either Panchayat Samitis or Zila Parishads, which is not the case in Rajasthan. There is a very strong feeling among the Chairmen, Zila Parishads, that the Standing Committees of the Parishads should be presided over by

them and not by the District Collectors, as is the case at present. The CPP Team is not convinced that there is a case for a change in the law so soon and recommends that the Minister of Planning and the Chief Minister may take Chairmen into confidence and convince them that such a change at the present moment is a bit premature. (ii) The CPP Team has found an equally strong feeling in Andhra against the recent addition, by the Government, of two more nominated members to the District Selection Committees.

(5) The CPP Team points out that the nomenclature of the Block Development Officer, President of the Panchayat Samiti and Chairman of the Zila Parishad varies between Andhra and Rajasthan and that there should be a common nomenclature all over the States. It also emphasises that the plethora of rules and regulations in Andhra need revision with a view to bringing about greater elasticity and simplicity. The AVARD Team observes that there is scope for simplifying rules and procedures in Rajasthan, and it would be worthwhile for an administrative group to examine this question.

(b) *Functioning of the Elected Representatives*

(1) The CPP Team is very much impressed by the general awareness and sense of responsibility aroused among the elected representatives both in Andhra and Rajasthan by transference of responsibility to them for developmental works.

The AVARD Team observes that a good deal of enthusiasm and activity prevails among Panchayat Samitis and their Standing Committees in Rajasthan.

(2) (i) In Rajasthan, the CPP Team found the level of discussion in the Panchayat Samiti quite high and members appeared to take an

intelligent interest in the proceedings. The Team came across some acute party factions between different groups of people but none the less some positive results had been achieved. In Andhra, in some cases all developmental activities had virtually come to a dead stop on account of acute party factions. The CPP Team suggests that the feasibility of the supersession of Panchayat Samitis in such cases may be considered. (ii) The AVARD Team points out that the carrying of power-politics to and increasing party factions and groupings in villages are the general defects of a democratic operation of administration and have little to do with the particular pattern of Democratic Decentralisation obtaining in Rajasthan.

(3) The CPP Team is surprised that, in Andhra, the punitive and disciplinary provisions of the law have not at all been used except for one Panchayat Samiti. The Team notes that the State Government has followed a policy of cautiousness, sympathy to begin with and firmness later on if needed, as it considers that it would be better if the popular bodies learn by committing mistakes instead of being brought to book by authorities every time an error or lapse is detected.

(4) The CPP Team is struck by the absence of a programme of continuous training for the non-official members of Samitis and Parishads in Andhra. It feels that great experiment is bound to be wrecked if continuous training is not provided both for officials and for non-officials.

(II) PROGRAMMES & THEIR EXECUTION

(a) Development Programmes

(1) (i) The AVARD Team is inclined to believe that by and large the onset of Democratic Decentralisation has had a very beneficial effect

in dealing with corruption in administration in Rajasthan. (ii) Both CPP and the AVARD Study Teams observed that as a result of the Panchayati Raj the primary school teacher in Rajasthan was more regular in attendance. (iii) The CPP Team noticed that, in Rajasthan, local works like wells for drinking water, water storage, approach roads, etc. had been undertaken successfully, as also measures to step up agricultural production. (iv) The AVARD Team finds that "where the Vikas Adhikari and his staff are working in close co-operation with the non-official elements in the Panchayat Samiti, distinctly better results have been obtained as compared to the old block standard".

(2) In Andhra, the CPP Team was highly impressed by the remarkable progress made in regard to raising of food production and expansion of elementary and secondary education.

(3) (i) The CPP Team found that one major weak spot in Rajasthan and Andhra was village industries. In Andhra, little interest had been evinced by the elective bodies in the co-operatives.

The AVARD Team observed that in Rajasthan the co-operative movement appeared weak. Most of the functions of co-operative societies e.g., provisions of seed and manure, insecticides etc. were performed by Panchayat Samitis. The social welfare activities of Panchayats were generally not prominent. (ii) The AVARD Team gathered the impression that on the whole, as compared to the Panchayat Samitis, Panchayats in Rajasthan were not displaying sufficient activity. As a rule, Panchayats had not interested themselves consciously in increasing production and had confined themselves mostly to the provision of amenities. The Team points

out that Democratic Decentralisation visualises a partnership between the Village Panchayat and the Panchayat Samiti and it is unfortunate that this relationship does not appear to have emerged in Rajasthan.

(4) (i) The CPP Team has remarked that in Rajasthan "neither the Panchayat Samiti members nor of the village Panchayats complained (to it) that inadequate funds had been allotted to them and therefore their work suffered". The Panchayat Samiti, in addition to the usual schematic budget, has at its disposal grants made by the several Development Departments of the State. It also possesses the power of imposing certain taxes. In many village Panchayats such taxes have been imposed and realised. The Study Team, however, draws attention to lack of adequate financial resources in some cases. It also mentions that a serious difficulty, on account of which large sums of allotted funds remained unutilised, is inadequacy of technical personnel for cottage industries, lady teachers, lady social workers, trained Gram Sevikas, qualified doctors, etc. (ii) Panchayat Samitis enjoy much greater freedom in Rajasthan than in Andhra in the matter of allocation of funds and their transfer from one head to other. Rajasthan has created a special fund from which Panchayat Samitis are given *ad hoc* grants. They can spend it on any felt need of their people. No such discretion rests with Andhra Panchayat Samitis. The CPP Team recommends that when the District Collectors in Andhra would be out of the picture from Zila Parishads (except as *ex officio* members), it would be worthwhile to consider if some of the powers, now vested with the State Government, of approval, sanction, and transference of funds from one head to the other could very well be exercised by the Collectors.

(5) (i) The CPP Team states

that a start had been made in Rajasthan in regard to the adoption of the village plan and that the people were on the whole becoming development-minded. The AVARD Team observed that nowhere the Panchayat Samitis in Rajasthan had drawn up plans on the basis of the local needs of the area and their pattern of development expenditure was not significantly different from the old block expenditure. The Free Fund for special productive works had, barring a few exceptions, been generally used to augment the targets under the schemes for each village; it had not been allocated for 'area schemes' covering a large number of villages. The Team emphasises that significant increases in agricultural production cannot be achieved unless area schemes are tackled on a large scale. (ii) The CPP Team suggests that, following the Rajasthan practice, the law in Andhra may be amended to provide for the Gram Sabha comprising the entire village population to which the Panchs may render an account of their activities twice a year.

(b) Other Activities

The CPP Team finds that the Panchayati Raj by common consent has done much good to the social habits of the people in Rajasthan; the village Panchayats are doing the work of administering civil and criminal justice successfully; and law and order situation has improved.

(III) THE WELFARE OF WEAKER SECTIONS OF THE RURAL COMMUNITY

(1) The CPP Team noticed that in Rajasthan considerable interest was being taken by the new popular bodies to improve the condition of Harijans and other backward classes by giving financial assistance to construct pucca houses and wells for drinking water, etc. In the area mostly populated by Bhils and other

hill-tribes signs of awakening were visible.

(2) The CPP Team found that though at some places untouchability was still a live issue in Andhra, yet there was an increasing awareness in the people, as a whole to do their part of the duty for the amelioration of the conditions of Harijans. Pucca houses had been constructed for them at places and some training institutions had been set up exclusively for their benefit. Two members of the CPP Study Team have, in a separate note, pointed out that the meagre representation of the weaker sections of

the community in the new popular institutions in Andhra demands immediate attention. They suggest that a village or a Gram Sabha area, instead of being divided into wards, should be taken as one unit and all its voters should elect members of Gram Panchayat by the method of simple proportional representation, as is the practice in the Punjab. As in the Punjab, all the Panchs in a block area should constitute an electoral college for electing members of the Panchayat Samiti by the method of simple proportional representation.



BOOK REVIEWS

THE NEW SCIENCE OF MANAGEMENT DECISION; By HERBERT A. SIMON, New York, Harper & Bros., 1960, xii, 50p., \$2.50.

This little book consists of two introductory chapters and three lectures given by Dr. Simon in the Ford Distinguished Professor series at New York University. It may be that it reaches intellectual territory clearly on Simon's line of march ten years ago, but it seems to me in some sentences to reflect some insights coming closer to reality than his early approach could provide. In this one volume his language is also newly lucid and restrained.

The main purpose of the book is to report the state of certain important developments in the use of technologies in routine decisions, and a new and rather special enlargement of the decision-making area that may be made largely routine. The developments have been made possible by computers and the use in computers of symbols other than mathematical ones. Full use of the new technology will be made in large commercial and industrial organizations rather than in most activities of democratic government, but there is in it an advance significant to all administrators.

The title of the volume seems to me to be unfortunately in line with Simon's earlier exaggeration of the strictly intellectual features of administration. It is my own belief that decision-making is in its very nature not scientific, however much science may be made to contribute to it.

The technology dealt with in this volume relates to routines, but even routines are always tentative, subject to re-examination in a non-routine way.

There are some valuable thought formulations in this volume which are incidental to its main purpose. In some cases these are in single sentences. Some others extend over a few paragraphs. Simon treats hierarchical structure in a useful way, for example, on pp.40-43. He ignores all the usual nonsense about centralization and decentralization to give readers some good paragraphs on pp. 43-47. He has two excellent paragraphs on procedure and structure on page 10, and on page 4, he offers blandly the admirable sentence, "Executing policy, then, is indistinguishable from making more detailed policy."

But for public administration especially, the limits on the truly administrative character of essentially technological processes need continual emphasis. In this sense, the central purpose of this book relates to processes incidental to significant administration. The distinguishing feature of democratic government is that it *gives consideration to anybody* but *defers most to everybody*. This is not really done with mirrors or with computers. It is carried on through politics and political institutions.

PAUL H. APPLEBY

PUBLIC ADMINISTRATION IN THEORY AND PRACTICE; By M.P. SHARMA, Allahabad, Kitab Mahal, 1960, 2nd. ed., vi, 519p., Rs. 12.50.

PUBLIC ADMINISTRATION (Theory and Practice); By CHANDER PRAKASH BHAMBHRI, Meerut City, Jai Prakash Nath, 1960, xii, 387+133p., Rs. 12.50.

REFLECTIONS ON INDIAN ADMINISTRATION; By R. DWAR-KADAS, Delhi, Kitab Mahal, 1960, xxx, 172p., Rs. 10.00.

The interest of Indian universities in the study of public administration is growing. The introduction by different universities of one or more papers in public administration in the curricula prescribed for the first degree and/or post-graduate examinations—albeit on an optional basis—bears testimony to this trend. With our general pattern of centralised and largely external examinations, the introduction of any new paper involves the preparation of a textbook—whether officially prescribed or not. The commercial aspect of such an enterprise inevitably leads the writer to strive to make the work as comprehensive in its coverage as the variations in the syllabi of different universities warrant. No wonder if the resulting product often becomes a compendium of information and opinions as uninteresting to the general reader as it is bewildering to the young university student. Both Dr. Sharma and Dr. Bhambhri show themselves to be the helpless victims of a system which it is usual to describe as vicious and irreplaceable! The position of Dr. Dwarkadas is different. His "Reflections" are not intended for the examinee. They are "an attempt to stimulate in the general reader and researcher a deeper interest and insight in the problems of Indian administration". But a treatment of the subject as unsystematic and disjointed as his is hardly likely to achieve that laudable objective. His "Reflections" neither presents the pedestrian but methodical exposition of a textbook nor embodies the mature judgment of a scholar steeped in his specialism. And yet all the three books are not without some merit.

Dr. Sharma and Dr. Bhambhri no doubt provide what they consider to be the proper feed for the dumb driven examinee desirous of scoring marks in the paper in public administration. They do their job competently, Dr. Sharma even better than Dr. Bhambhri. They both draw copiously on Western and particularly American experience, of course as embodied in American books, and also explain British ways in the field of administration. Incidentally, they also introduce the student to aspects of Indian administration which can be fitted into the conceptual framework derived from well-known American textbooks. The student learns from them the meaning, scope and method of public administration—Dr. Sharma and Dr. Bhambhri quote eight definitions each from American writers though Dr. Bhambhri also quotes a British author who says that the subject defies definition; the general and basic problems of organization; the staff and line agencies; personnel administration; financial administration; administrative law; and public relations—to mention a few of the many topics dealt with. Each author is careful enough to devote a chapter apiece to discussing the position of the Chief Executive as General Manager and of the Independent Regulatory Commissions as textbooks, therefore, they are all that could be expected, subject to the consequences of Dr. Bhambhri's book having had to be "hurried through the press".

But the time has surely come for those responsible for framing university courses in public administration

to do some rethinking on the subject. With the growing awareness of the importance of public administration not merely as a textbook entity but as a living reality, there must appear a keener desire and a greater urgency to treat the subject primarily in the light of our own experience, institutions, practices, needs and aspirations. Comparative studies are, of course, not ruled out; but comparisons have to be meaningful, and to be so they must be brought within the sphere of effective understanding on the part of the student. If one turns to Dr. Dwarkadas' "Reflections" with a view to finding evidence of this new urge, one is sadly disappointed. Of the fourteen erratic chapters into which the book is divided, three (Nos. 1, 2 and 12) deal with constitutional matters by way more of description than of reflection. Three more (Nos. 3, 4, 5) merely give a rehash of the reports made by Gorwala and Appleby. The O and M Division and the Planning Commission are described in two chapters (Nos. 6 and 13). A chapter (No. 7) is devoted to the author's suggestions on the framing of a syllabus in public administration followed by another (No. 8) making platitudinous suggestions on the "frontiers of research". The meaning of decentralisation is brought out

in a diffused way in chapter 9, while the last chapter on the control of delegated legislation contains the bright suggestion that a 'legislative staff agency' consisting of 'five experts who have had wide administrative experience' and having *ex officio* representation on the relevant Parliamentary Standing Committee should be constituted 'for a proper and effective review of semi-legislative actions of administrative authorities'. Two other chapters (Nos. 10 and 11) expound the differences between public and private administration and discuss the organization and accountability of nationalized industries, the latter in the fashion of our textbook writers, depending more on the provisions of the statute than on an analysis of the real situation. The title of the book raises expectations about its contents which appear to be beyond the present capacity of the author. The only merit of the book is the enthusiasm for the subject which one feels running right through its pages. If enthusiasm could be combined with serious reflection, precision in thought and expression, and a certain modesty of approach, the author may yet prove to be a great asset to the development of administrative studies in India.

S. V. KOGEEKAR

TRADE UNIONS AND THE GOVERNMENT; By V.L. ALLEN, London, Longmans, Green, 1960, xii, 326p., 35/-.

This is a useful and well documented study of the relationship between trade unions and the Government in the U.K. Apart from a considerable amount of documentary evidence which the author studied, he had discussions with trade union leaders and a number of politicians who had formerly served as Ministers, either in the Conservative or the Labour Governments.

During the Second World War,

trade union leaders were drawn into the Government and a number of Government committees—a practice which was extensively adopted subsequently even in peace time. From twelve Government committees at the commencement of the Second World War, the number increased to sixty in 1948-49 and sixty-five in 1957-58, the most prominent of them being the National Joint Advisory Council of the Ministry of Labour and the National Production

Advisory Council on Industry. Both these bodies have wide functions which give their members considerable latitude to raise even policy matters for discussion. The experience of serving on such committees has afforded to trade union leaders participating in them valuable experience for influencing Government policies and decisions.

During the Second World War, which strained the country's resources to the utmost, legislation was inevitable to prohibit strikes and to enforce arbitration. Nevertheless, from the Churchill Coalition Government, which included a powerful trade union leader like Mr. Bevin, industrial relations received careful and sympathetic attention. Subsequently, however, the post-war Labour Government, under the stress of unfavourable economic conditions (such as inflation and an adverse balance of trade) felt compelled to insist on trade unions being restrained in their demands and conciliatory in their approach.

With the trade union movement thus called upon to play a responsible role, in shaping Government policies, membership of unions rose from 6.3 million in 1939 to 8.2 million in 1943 and 9.3 million in 1948. Collaboration between the unions and the Labour Government became a normal feature; union leaders had easy access to Ministers with whom they could discuss on terms of equality topics which on occasions went much beyond labour problems. After 1955 the Conservative Government appointed trade unionists to consultative committees even more freely than the Labour Government had done and continued the policy of informal consultations. Both Sir Winston Churchill and Lord Monckton believed in pursuing a conciliatory policy towards trade unions; only after 1955, under the Eden and Macmillan Governments, official

policy towards trade unions became stiffer than under Churchill.

The relationship in general with the last Labour Government which came into power in 1945 is described by the author as having gone through three broad phases. For two years it was "an attitude of critical but friendly detachment" from the standpoint of the unions.¹ It gradually evolved into one of an "almost uncritical acceptance of the Government's main policy by the General Council of the T.U.C.". By 1950, however, the unions became restive about a policy of wage restraint, reflected in a somewhat militant attitude in their relations with employers. It was marked also by a decline in the influence of trade unionists in the Government, following Mr. Bevin's death. In the view of the author, the main advantage from a trade-union and Labour Government relationship went to the latter, because unions were reluctant to exercise pressure on the Government and embarrass it.

Paradoxical as it may seem, the Conservative Government, which came into office in 1951, seemed to adopt a more friendly policy towards the unions than its predecessor in office. Lord Monckton as Minister of Labour adopted a new approach, of reducing to a minimum discussions on industrial relations in the Cabinet and even in Parliament. He found it more profitable to make direct attempts to win union support, especially in regard to Government policies concerning wages, productivity and industrial behaviour.

The author has dealt in considerable detail with various aspects of the Government functioning as an employer. There is an interesting chapter on the growth of Whitleyism in the British Civil Service; also a description of the conditions created in the public sector in industry subsequent to the Nationalisation

Acts of 1945. One of the most instructive chapters in the book describes the functions of the Government as the nation's largest employer in nationalised industries. After 1955, the Trade Union Congress, worried by the Government's inflationary policy, asserted the right of labour to bargain on equal terms with capital in order to protect the workers from the dislocations of an unplanned economy.

A considerable part of the book is devoted to a discussion of the general development of Government's attitude towards strikes and the motives which underlay the declaration of strikes at different times. The author has some interesting remarks to make on industrial action for achieving political ends. Even so early as 1919, Mr. Lloyd George (who was then Prime Minister) had declared that every demand which was put forward by any body of workmen would be examined fairly and carefully by the Government for removing legitimate grievances, but that it could not tolerate "Prussianism in the industrial world". A later development was the opposition of trade unions to certain aspects of foreign policy and to conscription. The question arose in 1934 whether a general strike would be legitimate to prevent the declaration of war. It is significant that though there was unanimity of opinion in the General Council of the Trade Union Congress, the Labour Party executive and the Parliamentary Labour Party in the adoption of an anti-war policy, the National Joint

Council rejected the idea of a general strike to enforce such decision. The fact is that opinion in Britain has always been strong on the subject of a general strike. Mr. Baldwin declared in 1926 on the coal dispute and later with reference to a threat of a general strike, "it is not wages that are in peril; it is the freedom of our very constitution". Sir John (later Lord) Simon expressed his opposition to a general strike on legal grounds in even stronger terms.

After the Second World War, it was not until 1955 that the Government was actually faced with a national strike of its employees (when locomotive engineers and foremen went on strike over wage differences). The author has discussed some of the implications of a strike in an industry run by the Government. The Government as an employer possesses weapons with which it can deal with employees that are not available to a private employer.

Though Labour was in office in 1924 and again in 1929, it is only in 1945 that the party not only assumed office but came into power with a definite majority of its own. The final chapters in the book discuss the relations between trade unions and the three Labour Governments which have so far held office.

It is a stimulating book which should prove profitable to all who are interested in the relationship between trade unions and the Government, not only in the U.K., but in all democratic countries.

B. SHIVA RAO

ADVISORY COMMITTEES IN BRITISH GOVERNMENT; By POLITICAL AND ECONOMIC PLANNING, London, PEP, 1960, xii, 228p., 25/-.

"Advisory committees do not constitute a system.... They are not interdependent and they have few direct links with one another. There

is no general planned scheme of outside advice of which they form a part. They are attachments to administration by departments, and

in the main their work can only be understood in relation to the powers and functions of Ministers."

These few sentences appearing in an early Chapter practically exhaust all the generalisations that have been made in the book about Advisory Committees. This is not surprising. In fact, the lack of system referred to is understandable, for the Advisory Committees which have multiplied in recent years have not emerged on the basis of any political or administrative doctrine. They have been brought into existence in response to specific needs as and when they have been felt. A study of the Advisory Committees must therefore begin with collection of facts which from their very nature would be unrelated. It is this study, or collection of seemingly un-related facts, that has been undertaken by the Political and Economic Planning (PEP), an independent, non-party organisation, as we are informed, whose aim is to "study problems of public concern, to find out facts, to present them impartially, to suggest ways in which the knowledge can be applied". The result is a "report", as it has been termed, and not a treatise on the subject.

Judged as a report, the book under review has served a useful purpose. It is a storehouse of information on a subject which has hitherto not been investigated systematically. It has drawn attention to the subject, as one worthy of study, and has collected a mass of information which would otherwise have remained buried in the archives of Government. It is no fault of the Editor of the "report" that the facts edited and presented by him often look bare. The facts had to be collected by persons not themselves associated with the Advisory Committees. The real contribution which a committee makes depends on the atmosphere it creates and the spirit in which it works; and these are not always

evident from the official records, nor can they easily be gathered from conversations with participants.

Nevertheless, it would be wrong to suggest that the book is no more than a storehouse of bare, un-related facts. It is certainly a storehouse of facts, but it is more. On the background of the facts collected, attempts have been made to weigh different views and practices about Advisory Committees and express opinions on them. The work entrusted to the Editor was pioneering in nature. It involved collection, compilation and study of facts hitherto un-related to one another. This made the study not only difficult, but even to a measure dull. The Editor has, however, succeeded in presenting the reader with a readable volume, but the work which the "report" represents need to be carried forward. The modern phenomenon of Advisory Committees in Government is not restricted to Britain. The need for such committees has been felt by other Governments too, and will no doubt continue to be increasingly felt as Governments who rule by consent widen their functions and enter into new and hitherto un-familiar spheres of activity. The subject of Advisory Committees in Government has therefore a wide, if not universal, interest to students of Public Administration, but if the study is to be profitable, it must ensure that past experience provides guidance for the future.

The facts collected in the "report" provide an excellent basis for such further study, but these facts need to be clothed, marshalled and made to yield general conclusions. This further study can best be undertaken by a person or persons actively associated with the functioning of as large a number of Advisory Committees as possible. The book under review, and the report it contains,

will, however, have served its purpose fully if it stimulates such further study, and provides the basis for generalisations for the future guidance

of those who sponsor or participate in the activities of Advisory Committees in Governments.

R. C. DUTT

A HUNDRED YEARS OF LOCAL SELF-GOVERNMENT AND ADMINISTRATION IN THE ANDHRA AND MADRAS STATES, 1850 to 1950; By V. VENKATA RAO, Bombay, The Local Self-Government Institute, 1960, vi, 504p.

Local self-Government is one of the few aspects of public administration in India on which some work has been done during the last 20 years or so. Score of Ph. D. dissertations have been submitted in this field, and books and papers have been written on systems of local government in quite a few states. A few books have also been published covering local government throughout India.

Dr. Rao has been doing good work in the field of local government for some time past. His doctoral thesis on the Administration of the District Boards in the Madras Presidency (1884-1945) was published in 1953 by the Local Self-Government Institute, Bombay. This book won well deserved commendation all around. In writing his thesis Dr. Rao had the additional advantage of drawing on his practical experience in this field which he had acquired while working as personal assistant to Shri Gopala Reddy, the Minister for Local Self-Government in Madras.

Dr. Rao's new book is the first attempt at a detailed and critical review of the working of local bodies over a period of 100 years in any State in India. The book naturally reminds one of similar attempts in Britain, namely, *A Century of Municipal Progress (1835-1935)* by H.J. Laski and others and *A Century of City Government (Manchester) 1838-1938* by S.D. Simon. However, the book under review covers a wider ground.

The book is divided into seven parts. The first part deals with the Governmental Machinery; the second with Powers and Functions; the third with Local Finance; the fourth with Administrative Machinery; the fifth with Personnel Management; the sixth with External Relations of the Local Authorities; and the final with Conclusions. Each part is divided into chapters, 46 in all, running over 504 pages. To bring the book up-to-date the author has taken care to add a postscript. A comprehensive bibliography at the end of the book not only adds to its utility but also provides good basic material for any one interested in this field.

Lot of effort has been put in collecting the material for the book. The sources from which the material has been gathered for the construction of the thesis are several—original and secondary. The author had to visit several offices to get at the source material first-hand. In addition, he has used the well-known techniques of questionnaire and personal interviews. While the response was encouraging in the latter respect, to the author's regret, "not more than 50% of the district boards answered the questionnaire". Another source on which the author could freely draw was his personal experience referred to earlier. Thus, one need hardly dispute the writer's claim that "the collection of material is exhaustive and that the thesis has been constructed on the basis of original records which had not been

consulted, so far, by anyone". Claiming originality for his thesis Dr. Rao remarks in the Preface that "while he has collected his bricks from many a mason's yard; he has used them to construct a building which is very much according to his own design".

The most noteworthy feature of the book is the attention bestowed on the active working of the various branches of local self-government in the Andhra and Madras States. The book shows unmistakable proof of painstaking labour to gather facts and furnishes a wealth of details. However, in his survey the author has given more attention to the working of the local bodies after 1920 than to the earlier periods. Again, the survey, by and large, covers the areas comprised in the old Madras Province and not in the present Andhra and Madras States.

The chapter on Conclusions corrects certain popular misconceptions. Many a critic of our local

bodies may well read with bewilderment that "the administration of the local authorities by officials was less efficient than that of non-officials", and that "there was more honesty and disinterested devotion in local government service than in any private or governmental organisation". Finally, the author puts his finger on the right spot when he says that "the most important problem is how to attract a sufficient number of men and women of ability and devotion to the public good, to administer the affairs of local areas". He concludes the book with optimism about the future of local bodies.

The book, it may be hoped, would work as an incentive to the scholars in the field of local government to write similar surveys of the working of local bodies in their own states. Such books could, then, form basic material for a book on A Century of Local Self-Government in India.

A. AVASTHI



BOOK NOTES

PLANNING AND ECONOMIC POLICY IN INDIA; By D. R. GADGIL, Poona, Gokhale Institute of Politics and Economics, 1961, xvii, 199p., Rs. 12.00.

The book contains a series of notes and memoranda, pinpointing the different issues involved in the formulation and reshaping of policies of the Governments in India in the matter of the Five Year Plans. These notes and memoranda were written during 1955-1960, largely for the Panel of Economists of the Planning Commission and are characterised by high scholarship and critical judgment. The learned author believes that in the first three years of the operation of the Second Plan "it was neither the size nor the structure of the plan but the failure of policy, especially in the context of the foreign exchange plan and of the prices, procurement and distribution of food that were responsible for the relatively bad performance". Some of the policies in these fields were not worked out into fuller details or left vague, or not fully implemented. "The heterogeneity of socio-economic structure and the concentration of politico-economic power heavily misdirect policy decisions" and give rise to a reaction of a strong suspicion among the mass of the people about neglect of their interests. Prof. Gadgil puts forward a strong plea for a larger degree of foresight, intelligence, and efficiency in planning and for the willing acceptance of austerity standards by the higher classes as a practical sign of their sincerity and sacrifice for planned development of India on democratic lines. Worthy of special notice is the section on "The Role of the Planning Commission in Indian

Planning" in which the author makes out a case why the Commission "should no longer have any executive functions and should not be mixed up with the essentially political process of final policy-making".

A STUDY OF POLITICAL WORKERS IN POONA; By V.M. SIRSIKAR, Poona, Department of Politics and Public Administration, University of Poona, 1961, 83p.

This is a valuable addition to the scarce, objective material on the field organization of political parties in India. It embodies the results of a study, carried through interviews based on a questionnaire, of 135 'militant' or 'active' party workers of the four major political parties in Poona City, namely, the Indian National Congress, the Praja Socialist Party, the Jan Sangh and the Communist Party of India. The author found that recruitment to a party and subsequent loyalty to the party organization was mainly due to the emotional impact of certain political issues and events; party loyalty was very strong in the C.P.I.; and the Congress and P.S.P. workers were concerned over the present state of discipline in their respective parties. Almost all the workers participated in field work, i.e., party propaganda and enrolment of members; a majority of workers had received higher education; workers with secondary education formed the second largest group; and all the other three parties except Jan Sangh had full-timers.

The study reveals that none of the four parties had any permanent systematic training scheme; some *ad hoc* camps and study circles had been tried by all the parties, in particular

by the P.S.P. The majority of workers, including the highly educated, were quite ignorant about the need for a code of conduct for political parties. Next to the C.P.I., the Jan Sangh exhibited a strong tendency of organizational control; the Congress and the P.S.P. had no such organizational control.

The study shows that all parties, except the Congress, suffered from a shortage of funds and that personality was the most important factor influencing Indian politics. The political workers were quite conscious of the evil effects of the influence of caste but many workers acknowledged the tendency to exploit the same to one's own or to one's party's advantage. The party workers complained that the present generation of students had become extremely a political and 'career-minded'.

The author concludes that the average political worker in Poona is a sincere, loyal and devoted worker of his party and is attached to the party rather than to individual leader. Conditions are, however, not very encouraging in regard to training, inter-party contacts and contacts with intellectuals.

COMMUNITY DEVELOPMENT AND ECONOMIC DEVELOPMENT

Part IIA—A Case Study of the Ghosi Community Development Block, Uttar Pradesh, India; By ECONOMIC COMMISSION FOR ASIA AND THE FAR EAST AND FOOD AND AGRICULTURE ORGANIZATION, Bangkok, United Nations, 1960, ix, 100p., \$1.00.

This is a case study of six selected villages of Ghosi Community Development Block and six selected villages in a similar area not covered by community development in U.P. and is based on the field investigations undertaken by the Planning Research

and Action Institute, Lucknow, under the sponsorship of the secretariat of ECAFE. It attempts to assess the impact of the community development programme on agricultural development and also to throw some light on the contribution of the programme to economic development in general. The study reveals that, in relation to the magnitude of the problem of increased productivity facing the country, the results hitherto achieved have been rather modest. The agricultural extension work in villages studied needs improvement. The limited use of the village level worker as an extension adviser shows lack of confidence in his advisory ability. Some limited changes in the leadership pattern are also noticeable. While age still remains an important attribute, leaders from the younger age-group and lower castes are also coming up. The study emphasises that if the community development programme is to develop on sound lines, the pace of progress on the material side should be in step with the pace of the 'development' of the individuals.

The appendices contain general statistical information on community development in India, background information on Ghosi Block and non-Block areas and special tables relating to the field study.

RIGHTS AND OBLIGATIONS OF CIVIL SERVANTS IN INDIA; By A.R. Tyagi, Delhi, Atma Ram & Sons, 1961, ix, 164p., Rs. 5.

The author analyses the personal, civil, political, trade union and service rights of the civil servants, and examines them in the broader perspective of their impact upon the growth, in India, of a civil service based on the merit system. The appendices contain a short account of the rights and obligations of the industrial government servants in

India and of civil servants in Britain and the U.S.A.

THE MANAGEMENT REVIEW; New Delhi, Delhi Management Association, January-February 1961 (Volume one, Numbers One and Two), 60p. & 48p.

The *Review* is the extension of the *DMA Newsletter* into a monthly periodical by the Delhi Management Association, devoted to the dissemination, exchange and promotion of the study and practice of management. The first two issues contain articles, digests of talks and group discussions, abstracts, notes, management news, and an annotated bibliography of selected articles.

EROPA REVIEW; Saigon, Research, Documentation and Diffusion Centre, Eastern Regional Organization for Public Administration, December 1960 (Vol. 1, No. 1), 158p., V.N. \$50.00, U.S. \$1.20.

As the official organ of the Eastern Regional Organization for Public Administration, this new periodical is expected to serve as a forum for the study and discussion of administrative problems of the Southeast Asia and Oceania. In addition to articles on selected administrative problems of China, Hong Kong, Japan, Korea, Philippines, Thailand, the first issue contains articles on "Policy and Administration" by Mr. R. S. Parker, "On the Comparative Study of Public Administration" by Mr. P.A. Schillings, and "Authority and Community in Village India" by Dr. Hugh Tinker. Dr. Tinker's article is a highly critical and scholarly analysis of recent developments in the field of rural administration in India. He takes pains to point out that "With possible reservations regarding South India, the *panchayat* was not an administrative body in the usually

accepted sense, but it was sometimes employed to apportion the village land revenue assessment and may have had a role in regulating the duties of the village servants."... "The word *panchayat* describes form, not purpose—a technique of seeking agreement through consultation, hallowed, according to tradition by divine sanction." He emphasises the over-burdening of the District Officer, the dwindling away of the people's contribution to community development with the weakening of the official spur from the above, the diminution of the status of the Village Level Worker who "is not treated as the key pioneer in a new adventure in nation-building but as the lowliest figure in yet another branch of administration, to fetch and carry for official or political bosses", the need for rural orientation and experience for the I.A.S. Officers, and the wastage of energy in the dramatisation of the national planning effort. "When Americans have proved that the community as a voluntary economic unit does not work, it is difficult to understand why should expect Indian experience to be different." Village solidarity would be strengthened by preventing the flight of the educated from the village and by the nation's elite setting "an example of service to the community of simple living and refusal to tolerate caste exclusiveness, and in general live up to their own words."

CLASSICS IN MANAGEMENT; Ed. By HARWOOD F. MERRILL, New York, American Management Association, 1960, 446p., \$9.00.

This volume contains selections from the writings of selected classical writers on management, namely, Robert Owen, Charles Babbage, Captain Henry Metcalfe, Henry Robinson Towne, Frederick Winslow Taylor, Henry Laurence Gantt,

Russell Robb, Harrington Emerson, Alexander Hamilton Church, and Leon Pratt Alford, Henri Fayol, Frank Bunker Gilbreth, Oliver Sheldon, Mary Parker Follett, Harry Arthur Hopf, and George Elton Mayo. The presentation makes the book "a history of management philosophy written by those who made the history".

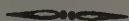
MAN AND ORGANIZATION—Three Problems in Human Relations in Industry; By WILLIAM FOOTE WHYTE, Illinois, Richard D. Irwin, Inc., 1959, vii, 103p. \$4.50.

The book is devoted to a discussion of the three major problems in human relations in industry: "The Philosophical Problem: Organization and Environment", "The Theoretical Problem: Building a Conceptual Scheme", and "The Practical Problem: Application of Research Findings". Referring to the recent shift of the emphasis in human relations studies from informal organization to formal structure, the author explains the impact of the environment—culture, technology, the work-flow, and the formal organization of the plant—on human relations. In addition to sentiments, activities, and interactions within the social system, the theoretical framework for human relations study should include the legal and the economic factors. Prof. Whyte prefers the term "service research" to "applied research", and feels that if the official in the key position to support research is not keenly interested in it is not worthwhile to go ahead with the study. The defining of the objectives of human relations research should be a joint responsibility of the researcher and the management, and the results of research should be fed back in several stages to suit the digestion of the organization.

THE DIPLOMACY OF ECONOMIC DEVELOPMENT; By EUGENE R. BLACK, Massachusetts, Harvard University Press, 1960, x, 74p., \$3.00.

The book contains the famous three lectures delivered by Mr. Black in 1959-60 at the William L. Clayton Center for International Economic Affairs, the Fletcher School of Law and Diplomacy, Tufts University, U.S.A. Explaining the 'historic transformation' or 'the revolution of rising expectations' at work in the under-developed countries, Mr. Black emphasises that while the impact of modern science and technology has outmoded traditional ways, no tolerable alternative has been found. The governments in these countries are the primary agents of change which is becoming the price of survival. There is no certain and established relationship between economic progress and the values of freedom and tolerance and the West's response to the historic transformation needs a reorientation to ensure that the poor countries go through the development process without 'generating extravagant forms of political injustice and cruelty'. Here, 'economic aid,' or 'development democracy' has a new role to play in the matter of illuminating the choices, about allocation of resources, which are needed to increase the potential for growth. "Planning...should be the place where the political leader is faced with an awareness of the consequences of his decisions before he makes them instead of afterwards." Plans and projects must be checked and co-ordinated with the actual possibilities, with what people really want in the way of growth and change and with what they are prepared to sacrifice. Economic aid should be given, not for immediate advantage or accommodation of the donor,

but as an instrument of creating conditions for self-sustaining growth; it cannot serve such a function if it is simply regarded as a tactical weapon in some kind of competitive exercise with Communism. The strength of the development diplomat lies in illuminating choices, not in trying to impose solutions. If he is to succeed, he must be a man with a vocation, not a man with an ideological mission.



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EDITORIAL NOTE

WE are glad to bring out this special number of the Journal containing articles dealing exclusively with the Third Five Year Plan which has been recently published. The articles cover a wide range of problems related to the Plan. But in a broad sense they are all administrative problems. Expansion of the scope to include the economic policies and strategy, and the social ideas of the Plan would have been an over-ambitious undertaking, and one somewhat beyond limits which this Journal has set for itself. It is of course not possible to discuss basic problems of administration without reference to economic and social—and political—questions; but these have been touched upon only where they have direct relevance to administrative issues.

That good and efficient administration is of crucial importance to the success of the Plan is self-evident. Not only has the existing administrative structure to be strengthened and adapted to the changed conditions, and traditional practices and procedures to be modified, but in certain areas, notably those of decentralised democracy, corporate public enterprises, and manpower planning, new ground has to be broken and some of the fundamentals to be thought out.

These are challenging and formidable enough tasks. But there is more to be done. The end of the Third Plan may see a marked acceleration of the pace of economic growth and social change, and Indian economy and society in the next decade may be vastly different from what they are today. Industrialization and urban growth will give rise to social problems very different from those of an agrarian community. Expansion of service occupations and professions associated with a modern economy will create new manpower problems, and so will the increasing flow of University educated men and women, of scientists and technologists, into the community. All these will confront the administration with new problems and tasks, and if these are to be met adequately, preparation for them

must start now. Thus, in our thinking on and planning of administrative change during the Third Plan period we have to keep a steady gaze on the problems of the seventies as well as on those of the present. We trust, many of the articles in the present issue will not only throw light on current problems, but will also stimulate interest in such a perspective planning.

Each of our contributors has exceptional competence in the subject on which he has written. Many of them are civil servants, who have written in their personal capacity. Their knowledge and experience give weight to their views; but they are not necessarily the views of the Government.

Editor



PLANNING MACHINERY IN INDIA

S. R. Sen

THE idea of a co-ordinated or planned effort for promoting rapid development of the economy was an integral part of the nationalist thinking in India long before Independence. Ever since 1876 when Dadabhai Naoroji published his paper on Poverty of India, Indian leaders had criticised the policy of laissez faire followed by the then ruling power in India as one of the main causes of the economic decadence of the country and urged that it was only co-ordinated action for economic development taken by a popular Government in the interest of the people of the country that could develop the economy and lead the people out of grinding poverty. As the struggle for national independence progressed, its social and economic aims became more definite. A comprehensive economic programme was adopted in 1931. In 1938, soon after popular governments were formed in the various provinces when they were granted a certain measure of autonomy, the Indian Nationalists got for the first time the opportunity of putting their ideas into practice and decided to set up a National Planning Committee with Shri Jawaharlal Nehru, as its Chairman. The work of this Committee was, however, interrupted because of the Second World War, in the course of which many of its members found themselves in gaol. But it had already submitted 16 final and 10 interim reports which prepared the ground for the social and economic policies and programmes which were adopted by the country after it achieved Independence in 1947. Even before the final transfer of power, the Interim Government that was formed in 1946 decided to appoint an Advisory Planning Board soon after it came into office. An important recommendation of the Board was the appointment of a Planning Commission to devote continuous attention to the whole field of economic and social development.

The first three years of Independence were, however, taken up in settling a number of urgent administrative and political problems—in rehabilitating millions of refugees who were uprooted as a result of the partition of the country, integrating the five hundred and odd princely States with the rest of the Indian Union, re-organising the administrative and technical services, which had been very adversely affected by the War, the partition and departure of many foreign personnel shortly after the achievement of Independence and, what was most important, in giving the country a Constitution.

DIRECTIVES OF THE CONSTITUTION

The basic economic and social policies of the country were set forth by the Constitution, which came into force in January 1950, in its Directive Principles of State Policy in the following terms :

“The State shall try to promote the welfare of the people by securing and protecting as effectively as it may a social order in which justice, social, economic and political, shall inform all the institutions of the national life.”

Further that :

“The State shall in particular direct its policy towards securing

- (a) that the citizens, men and women equally have the right to an adequate means of livelihood;
- (b) that the ownership and control of the material resources of the community are so distributed as best to subserve the common good; and
- (c) that the operation of the economic system does not result in the concentration of wealth and means of production to the common detriment.”

APPOINTMENT OF THE PLANNING COMMISSION

Soon after, in March 1950, the Planning Commission was set up by a Resolution of the Government of India in terms of these directive principles and its functions were defined as follows :

- (1) make an assessment of the material, capital and human resources of the country, including technical personnel, and investigate the possibilities of augmenting such of these resources as are found to be deficient in relation to the nation's requirements;
- (2) formulate a plan for the most effective and balanced utilisation of the country's resources;
- (3) on a determination of priorities, define the stages in which the Plan should be carried out and propose the allocation of resources for the due completion of each stage;
- (4) indicate the factors which are tending to retard economic development, and determine the conditions which, in view of the current social and political situation, should be established for the successful execution of the Plan;

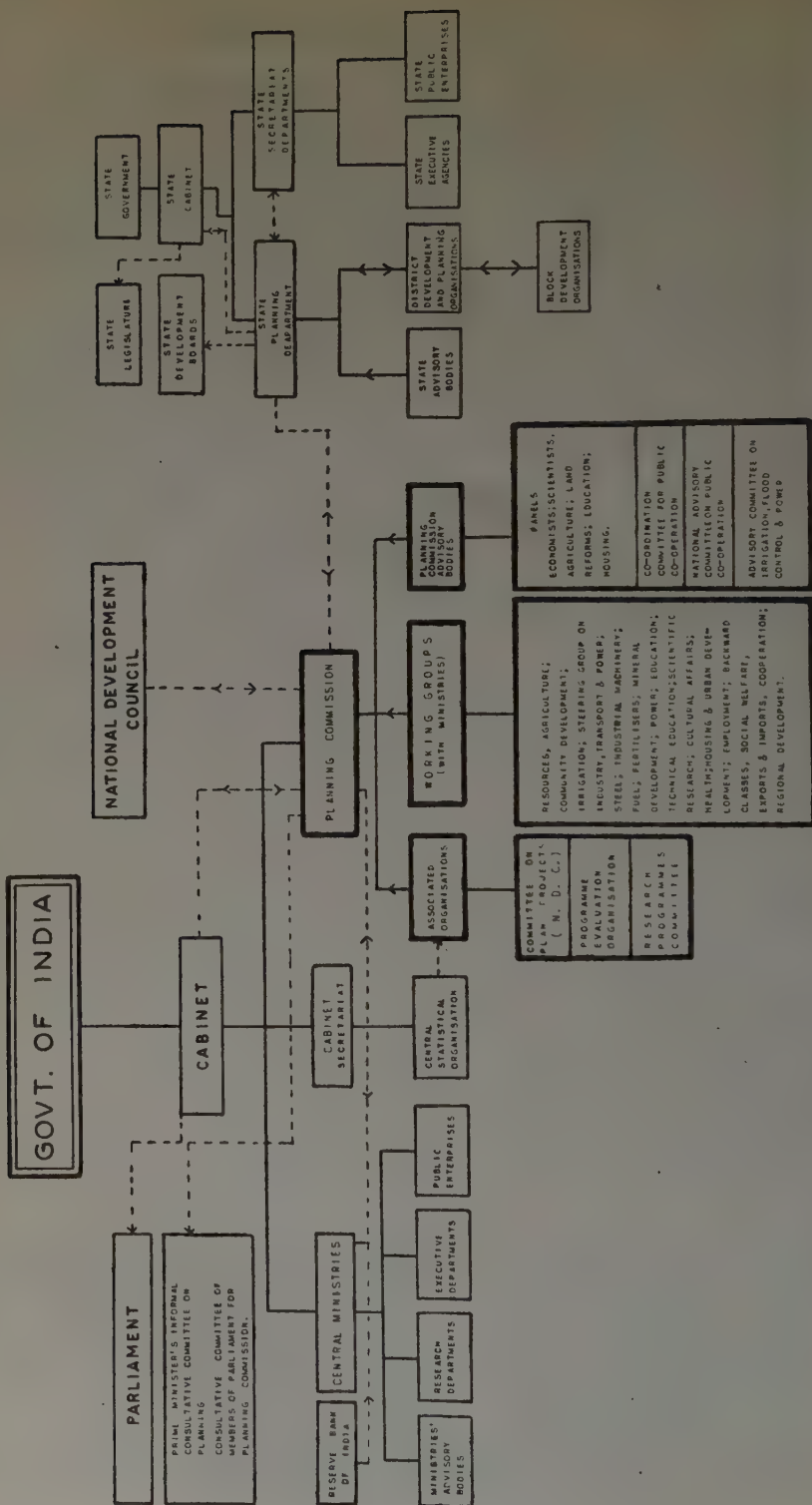
- (5) determine the nature of the machinery which will be necessary for securing the successful implementation of each stage of the Plan in all its aspects;
- (6) appraise from time to time the progress achieved in the execution of each stage of the Plan and to recommend the adjustments of policy and measures that such appraisal may show to be necessary; and
- (7) make such interim or ancillary recommendations as appear to it to be appropriate either for facilitating the discharge of the duties assigned to it; or, on a consideration of the prevailing economic conditions, current policies, measures and development programmes; or on an examination of such specific problems as may be referred to it for advice by Central or State Governments."

THE PLANNING MACHINERY

The setting up of the Planning Commission was, no doubt, the first and most important step taken after Independence in the direction of economic planning and it continues to be the core of the planning machinery in the country. But in course of time it was found necessary to set up a number of associated policy making, programming and evaluation organisations in the Centre as well as in the States in order to deal adequately with some of the complex problems which planning in a country of the size and diversity of India involved. The planning machinery in India comprises the Planning Commission and all these associated bodies. Among the latter mention may be made of the National Development Council comprising the Prime Minister of India, Chief Ministers of the States and members of the Planning Commission at the highest level, the planning cells in the Central Ministries and the planning departments in the State Governments; the various working groups, advisory bodies and research and evaluation agencies associated with the Planning Commission and the programming units at the levels of districts, blocks and public enterprises. (Please see Chart I.)

The character of the planning machinery in India has been largely determined by four important factors. Firstly, India has a federal system of Government in which the jurisdictions of the Centre and the States are clearly demarcated and it is important to evolve a system which can ensure the fullest co-operation between different constituent units of the country without impinging upon their autonomy. Secondly, India has a democratic system of administration in which it is essential to associate the people at every stage of planning

CHART-3
PLANNING MACHINERY IN INDIA



and implement the Plan that may be formulated through a process of persuasion and not of coercion. Thirdly, India has an economy in which the public and the private sectors exist side by side and the market forces operate within certain limits set down by State policy. Fourthly, India's goal is to achieve a socialist pattern of society and a self-sustained and self-generating economy within the period of a generation so that there is need, on the one hand, gradually to expand the public sector, and on the other, to lay greater emphasis on such kinds of investments as would help to make the economy self-sustaining within this time horizon. The fact that India has an economy of a continental character as it were, with different regions which are complementary to each other and with a large variety of basic natural resources has also influenced considerably her approach to and machinery for planned development.

PLANNING PROCEDURE

Before a detailed account is given of the planning machinery in India, it may help understanding if the planning procedure that has been evolved over the last decade is briefly explained.

Planning in India, as elsewhere, is essentially a backward and forward process—an exercise in successive approximation as well as successive co-ordination. In the light of the basic political and social objectives of the Government, the Planning Commission lays down tentatively certain general goals for a relatively long period, say, 15 or 20 years after a careful study of the various technical possibilities, the needs of the economy and alternative patterns of development. After the long-term perspective represented by these general 15 or 20 years goals are approved by Government, certain broad five-year targets are tentatively formulated keeping this long-term picture in view. These broad five-year targets are then given as purely provisional guide-lines to a number of working groups, one for each important sector, comprising usually the concerned technicians, economists and administrators in the Central Ministries and the Planning Commission who carefully examine the implications for their respective fields. They then proceed to indicate what should be the long-term targets in those fields and if these long-term targets are accepted what should be the corresponding five-year targets. They also work out the details of the policies and programmes needed for achieving these targets. The working groups naturally take into consideration the various studies made in different Ministries, State Governments, research organisations and industrial enterprises in the country. On the basis of the sectoral programmes formulated by various working

groups, the Planning Commission prepares a short memorandum of the Five Year Plan which it places before the Cabinet and the National Development Council. After the Cabinet and the National Development Council approve this memorandum, a draft outline of the Five Year Plan is prepared and published several months before the Plan is to come into force. This Draft Outline sets out the objectives of the Plan, makes an estimate of the resources and gives a broad indication of the various targets and tasks proposed provisionally to be included in the Plan. This is presented to the Parliament where it is discussed in considerable detail. The Draft Outline is also discussed widely in the press, universities and other interested organisations. At the same time the Planning Commission undertakes detailed consultations with the State Governments and the Central Ministries. In the light of these discussions and consultations the final plan is formulated and presented to the Cabinet, the National Development Council and the Parliament for final approval. Simultaneously the States, districts and the blocks also prepare their own plans keeping in view the broad targets which are indicated in the Draft Outline. These are modified later in the light of the amended figures which are accepted for inclusion in the final plan after discussion with the State authorities. While the tentative targets go from the Planning Commission to the Central Ministries, States and the district and block planning authorities at the draft outline stage, it is the modified proposals of these authorities which subsequently come back to the Planning Commission that form the basis for the formulation of the final plan. At this last stage careful examination is made by the experts in the Commission of programmes and projects to be included in the Plan from the technical and economic point of view and necessary adjustments made. Unlike certain other countries, in India the general approval of the Parliament is considered to be sufficient and no separate law has to be enacted for giving a statutory authority to the Plan. The Plan as approved by the Parliament goes back to all the concerned authorities from the Central Ministries downwards for the implementation of their respective programmes and projects.

The formulation of the Five Year Plan is, however, only just the beginning of the work. A five year is a relatively long period in a dynamic world. It is one of the duties of the Planning Commission to study continuously various changes in the economic and social situation and modify the plan as and when necessary. It is the practice in India to break up a five year plan into a series of annual plans. Usually, in November and December every year there is a series of consultations between the Planning Commission on the one hand and the Central Ministries and the States on the other for reviewing the

progress of the Five Year Plan during the previous years, re-assessing the resources and the technical possibilities and formulating an annual plan for the next year. The annual financial budgets of the Central as well as the State Governments are formulated in the following February keeping in view these annual plans. The annual plan has now become a very important part of the planning procedure in India and has in fact evolved into a very important instrument of federal and State financial relationship. An annual plan introduces, on the one hand, a much-needed flexibility in the implementation of the Five Year Plan and, on the other, sets out the programmes of development to be implemented every year with sufficient details.

Role of the Planning Commission

In the machinery and procedure of planning, described above, the Planning Commission naturally occupies a key position, but one important point is that it is essentially an advisory body to the Government. It has neither constitutional nor even statutory authority. It is only when the Plan formulated by the Commission is approved by the Cabinet that it receives the necessary sanction.

In the special constitutional, political and economic situation that obtains in India, it is as well that the Planning Commission should rely more on consultation and agreement than on sanction. This perhaps gives its recommendations a larger measure of acceptance than could have otherwise been the case and also induces all parties concerned to seek agreed solutions and avoid taking rigid or extreme positions. While the Planning Commission itself often takes the initiative in suggesting new policies or programmes, one of its main functions is to co-ordinate policies and programmes originating from other agencies of Government. It seeks to perform this function through arranging a large number of consultations between various interested agencies and by making the fullest use of the knowledge and experience available with them for the purpose of formulation as well as evaluation of the Plan. One notable achievement of the Indian Planning Commission is that it has developed the process of planning into a great co-operative endeavour and in this process conventions and informal understanding play no less an important role than formal legislation and orders.

The Planning Commission is essentially a staff agency, its main functions being advisory and co-ordinating rather than executive. It is a *via media* between an administrative department which is too closely involved in day-to-day problems and lacks the perspective and detachment which planning requires and a purely research institute

which works too much in an ivory tower and is out of touch with the various political, economic and administrative problems, which must be taken fully into consideration if the Plan is to be realistic and effective. Free from day-to-day administrative and executive work, the Planning Commission is in a position to devote itself almost entirely to the formulation of the Plan and evaluation of the progress achieved in the execution of each stage of the Plan. At the same time, its composition and status in the Government are such that it is in a position to maintain an effective liaison with the Central Ministries and the Governments of States.

Constitution of the Planning Commission

The Planning Commission is a multi-member body and includes at present four part-time members, who are important Cabinet Ministers, and four full-time members who are eminent public men, administrators or technical experts. This multi-member composition of the Commission and the fact that its members are appointed on the basis of their eminence and competence and not on political considerations help it considerably in its co-ordinating work, gives it a national stature and makes its recommendations acceptable even to opposition parties.

Since its inception, the Prime Minister of India has been the Chairman of the Planning Commission. This had added considerably to the prestige of the Commission and has helped it a great deal in its co-ordinating functions. The Prime Minister, however, attends only the most important meetings of the Commission and maintains a certain amount of detachment from its day-to-day work. This ensures that whenever any proposal made by the Commission comes before the Cabinet for consideration, the Prime Minister is in a position to take an uncommitted view. The day-to-day work of the Commission is looked after by a Deputy Chairman. The present incumbent is also a Cabinet Minister in charge of Planning, Labour and Employment. The other members of the Commission are Union Ministers for Finance and Defence and four full-time members who have the rank of Minister. The Minister for Finance is the member in charge of finance in the Commission in *ex officio* capacity, while the present Minister for Defence is a member only in his personal capacity. The Honorary Statistical Adviser to the Government also serves as a *de facto* member of the Planning Commission. The Deputy Chairman in his capacity as Minister for Planning is assisted in his work in Parliament by two Deputy Ministers. The Secretary to the Cabinet is also *ex officio* Secretary to the Planning Commission.

The fact that the Prime Minister is the Chairman of the Planning Commission and three Cabinet Ministers are its members and the Cabinet Secretary, who is the doyen of the country's civil service, is its Secretary, ensures a very close liaison between the Planning Commission and the Central Ministries. Besides, a convention has been established that whenever the Planning Commission considers any matter which directly concerns one or more Ministries, representatives of those Ministries are closely associated with its work. Similarly, important economic proposals made by the Ministries are first considered in the Planning Commission before they are put up to the Cabinet. By convention, those members of the Planning Commission, who are not members of the Cabinet, are usually invited to attend the meetings of the Cabinet and its sub-committees when any proposals relating to their respective fields of work are taken up for consideration.

The Commission has a collective responsibility and works as a collective body, but for convenience each member has been given charge of a group of subjects. While each member individually deals with the various technical and other problems pertaining to his allotted subjects, all important cases involving policy and all cases where there is a difference of opinion between two members of the Commission are considered by the Commission as a whole.

Office of the Commission

As has been mentioned earlier, the Secretary to the Cabinet is *ex officio* Secretary to the Planning Commission and as such holds the overall administrative charge of the office of the Commission. Since the Secretary to the Cabinet is also the Chairman of the Committee of Secretaries to the various Ministries of the Government of India, this arrangement greatly helps in bringing about a close co-ordination between the Commission and the Ministries. In view of the fact that the Secretary of the Planning Commission is a part-time officer and his other duties take much of his time, he is assisted by an Additional Secretary who devotes his full time to the work of the Commission.

In addition, there are three senior officers known as Advisers (Programme Administration), who have the status of *ex officio* Additional Secretary to the Government of India. These officers possess considerable experience of administration in the States and they help the Commission to keep in close touch with the progress of planning and its implementation in the States. Each of these officers has a group of States allotted to him and helps to maintain close liaison between

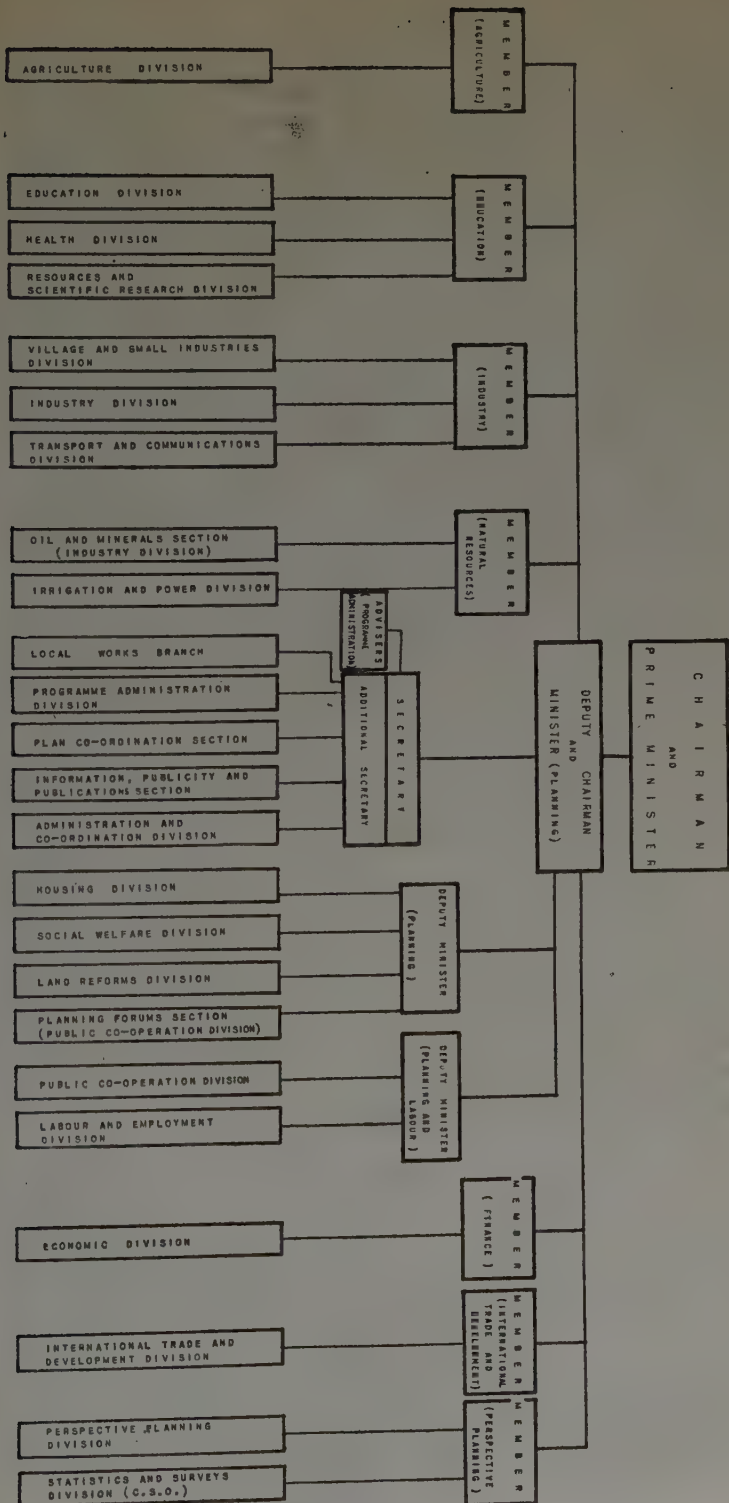
the Central Government and the group of States with which he is concerned and gives necessary advice and guidance to the executive authorities at the State level and brings the difficulties and problems of the latter to the notice of the Planning Commission and Ministries at the Centre.

The office of the Planning Commission consists of three types of branches viz., (i) General Branches, (ii) Subject Branches, and (iii) House Keeping Branches. The work in the first two types of Branches is primarily technical and in the third administrative or secretarial. (Please see Chart II.)

The general branches either carry out studies related to the plan as a whole rather than to any particular sector of it or co-ordinate the work of the various subject branches. There are altogether 10 general branches in the Planning Commission, e.g., perspective planning, statistics and surveys, economic, plan co-ordination and programme administration, resources and scientific research, international trade and development, labour and employment, public co-operation and information and publicity. These branches are called divisions or sections depending upon their size which again depends upon their volume and nature of work. Ordinarily a large branch is called a division and its head is described as a Chief. A relatively small branch is called a section and here a less senior officer is in charge; he is called a Director. Chiefs and Directors are ordinarily assisted by Assistant Chiefs. Each branch comprises some research staff like senior research officers, research officers and investigators and some secretariat staff. Out of the ten general branches, the perspective planning division is responsible for the formulation of tentative projections and plans for a long period, say, 15 or 20 years, while the other branches primarily concern themselves with the work relating to the five-year or annual plans. One of the responsibilities of the programme administration division is to assist the Advisers (Programme Administration) in their day-to-day work and also to organise annual plan discussions with the State Governments.

The subject branches are altogether 12 in number, e.g., agriculture, community development and co-operation; local works; irrigation and power; oil and minerals; village and small industries; large-scale industries; transport and communications; education; health; housing and social welfare. The staffing pattern of these branches is more or less similar to those of the general branches. Some of the branches are grouped together under a senior officer of the rank of Adviser or Joint Secretary. The subject branches of the Planning Commission maintain close contact with their counterparts in the various Ministries and the State Governments and are responsible for

PLANNING COMMISSION



collecting, processing and analysing all relevant information required for the formulation as well as evaluation of various policies and programmes included in the Plan. They also organise various research studies which are deemed necessary for the purpose of planning in their respective fields either on their own or through competent technical organisations in the country.

The main house keeping branches are administration, general co-ordination and organisation and methods. They are staffed mainly by administrative or secretariat personnel.

The staff of the Planning Commission at present comprise about a dozen administrators, 160 technical officers and a complement of secretarial, and other junior personnel. The senior positions in the general and subject branches are usually held by technical personnel. Bulk of them are economists or statisticians but there are also a number of physical scientists, agricultural experts, physicians, engineers, educationists, etc. The co-ordination work is usually done either by general administrators who have gathered considerable experience of planning and development work or by senior technicians who have acquired a wide knowledge of public affairs and general administrative competence. Since in a five year plan different strands have to be woven together into an "organic whole" general co-ordinators are as essential as the subject specialists and as planning involves both management and technical operations, officers with administrative and technical competence are equally indispensable.

Bulk of the technical work is, however, done in the Ministries and their attached offices and technical institutes. But their technical officers are used to looking at a problem from a limited sectoral angle only. Technical officers in the Planning Commission on the other hand have to examine the same matter from a broader national point of view. The close collaboration of these two sets of officers in the work of planning is considered essential for ensuring that both the trees and the wood are equally taken care of.

WORKING GROUPS

To make the best possible use of the technical knowledge and experience available in the Ministries, many of whom have also set up planning cells of their own, the Planning Commission has found it advantageous to set up a number of working groups, comprising selected administrators, economists and technicians from the various Central Ministries and Divisions of the Planning Commission, as a means of co-ordinating the work of the Ministries with its own in formulating plans for different sectors of the economy. For instance,

in connection with the formulation of the Third Five Year Plan as many as 22 working groups were set up.* Some of these working groups had a number of sub-groups; for instance, the Working Group on Agriculture had as many as 20 sub-groups. A Steering Group on Industry, Transport and Power was also appointed, with the Secretary, Planning Commission, as Chairman, to co-ordinate the work of the concerned working groups and Ministries. The working groups were appointed by the Planning Commission but the Secretary of the Ministry mainly concerned was appointed as Chairman, so as to ensure fullest co-operation between the Ministries and the Planning Commission. The reports of these working groups formed the basic material for the formulation of the Plan.

The system of appointing a number of working groups at the stage of the formulation of a plan is a very important part of the Indian planning procedure. Theoretically, it is conceivable that a team of planning experts working all by themselves can formulate a plan which may be technically a very good job. But chances are that some very important administrative or social points may not be given due consideration by this small body of planning experts. The plan prepared by them may also suffer in the matter of acceptance as well as implementation because it would not give those who are to carry it out a sense of participation. There seems to be considerable merit in the practice evolved in India which seeks from the very beginning to associate with the planning exercise some of the people who are later to implement the plan through the system of working groups. This ensures that those who will implement the plan will not only have a sense of participation in the formulation of the plan and, therefore, more enthusiasm for carrying it out but also a better understanding of the decisions taken and, therefore, a greater degree of efficiency in actual operation.

ADVISORY BODIES

While the Working Groups, which comprise mainly the concerned officials in the Central Ministries and the Planning Commission, are responsible for formulating the various programmes in detail, there is need in an economy of the size and complexity of India, to consult from time to time other knowledgeable people, especially non-official experts, at various stages of formulation as well as implementation

*Resources, exports and imports, agriculture, community development, co-operation, irrigation, power, steel, industrial machinery, fuel, fertilizers, mineral development, scientific research, technical education, general education, cultural affairs, health, employment, welfare of backward classes, social welfare, housing, and urban development and regional development.

tion of the Plans in regard to general policy. It is again desirable to have these consultations at different levels—technical, administrative and political. This is important because such consultations elicit valuable advice and also help to secure for the Plan a greater public understanding and give it a national character. This objective is sought to be achieved through a number of standing bodies, variously known as Panels, Advisory Committees or Consultative Committees. Unlike the Working Groups which are appointed on *ad hoc* basis and work intensively for a period and prepare detailed programmes, these consultative bodies are usually of a standing nature, meet only twice or thrice a year and give their general advice on the policies and programmes referred to them.

At present, there exist altogether eight advisory panels, which comprise mainly of experts, *e.g.*, Panels of Economists and Scientists, and Panels on Agriculture, Land Reforms, Ayurveda (an indigenous system of medicine), Health, Education and Housing and Regional Development. The panels give general advice on the problems referred to them from time to time. In addition, there are three advisory committees: (i) Advisory Committee on Irrigation, Flood Control and Power Projects, (ii) Co-ordination Committee for Public Co-operation, and (iii) National Advisory Committee on Public Co-operation. The functions of the first committee are to examine projects proposed by States, the Central Ministries and other authorities, to satisfy itself that the schemes have been prepared after detailed investigation, that the estimates are complete and correct technically and that the financial forecasts and estimates of projects are based on accurate data and are reliable. The function of the second committee is limited to ensuring requisite co-ordination between the various Central Ministries in regard to specific schemes of public co-operation included in the Plan. The function of the third committee, which comprises representatives of various national voluntary organisations and is presided over by the Chairman of the Planning Commission, is a more general one, namely, to advise and guide Government in regard to measures for securing public co-operation and participation in all the fields of national development.

CONSULTATIONS WITH MEMBERS OF PARLIAMENT

The most important advisory bodies, however, are: (i) Consultative Committee of Members of Parliament for the Planning Commission, and (ii) Prime Minister's informal consultative committee for Planning. The first committee which is presided over by the Minister of Planning consists of about 30 members, 20 from the Lok Sabha (Lower House) and 10 from the Rajya Sabha (Upper House). But

there is no rigidity about the strength of this committee or the composition of its membership Housewise or Partywise. The main object of this committee is to provide a forum for detailed discussions between Members of Parliament and the Members of the Planning Commission on the principles and problems of planning in a manner which is not practicable on the floor of Parliament. Discussions in this committee are very important in as much as they lead to a better understanding of the planning problems by the Members of Parliament and enables the Planning Commission to take a careful note of their views. The second committee is a much smaller body and comprises representatives of the political groups in Parliament and is presided over by the Prime Minister himself. It gives an opportunity to the opposition leaders to take an intimate part in the work of planning and thus helps in making the Plan something more than a document prepared merely by the Government and in earning for it the co-operation of all important political parties.

ASSOCIATED BODIES

It is obviously impossible for a single organisation to deal effectively and adequately with the multifarious aspects of national planning in a country like India. The Planning Commission has, therefore, to take continuous help from a number of associated bodies.

The most important associated bodies are, of course, the Central Ministries. These Ministries are closely associated with work of planning not only through the Working Groups, described earlier, but also through their various executive departments, research institutes and advisory committees, on many of which the Planning Commission itself is represented, and this facilitates a two-way traffic of ideas. In many cases, important policies and programmes originate in the Ministries, the Planning Commission's main job being to fit them into the overall picture and to co-ordinate them with the programmes of other Ministries.

Of all the Ministries, the Ministry of Finance has naturally the closest relation with the Planning Commission as finance plays a most important role in any planning exercise. Not only is the Minister for Finance *ex officio* Member in charge of Finance in the Planning Commission, but the Secretary of the Ministry of Finance is the Chairman of the resources working group and the Chief Economic Adviser to the Ministry of Finance is also *ex officio* Economic Adviser to the Planning Commission. In addition, there is very close collaboration between the officers of the two organisations at different levels

and in important meetings of the Planning Commission representatives of the Ministry of Finance are invited and *vice versa*.

Through its participation in the work of the Industrial Licensing Committee, Capital Goods Committee, Foreign Agreements Committee and the Development Councils of the Commerce and Industry Ministry, the Planning Commission is also enabled to maintain a close watch over the implementation of the industrial programme.

Apart from the Central Ministries, there are two official organisations *e.g.*, the Reserve Bank of India and the Central Statistical Organisation, which are closely associated with the work of the Planning Commission. There is an Economics Department in the Reserve Bank, which is in close touch with the work of the Planning Commission and undertakes a number of important studies on financial and banking matters for the Commission. The Executive Director of the Reserve Bank in charge of this Department is a member of the Working Group on Resources and Panel of Economists of the Planning Commission.

The Central Statistical Organisation is responsible for organising the collection of all statistical data required for the purpose of planning. The Director of the Central Statistical Organisation is also the *ex officio* head of the Statistics and Surveys Division of the Planning Commission. Good statistical data are no doubt important requisites for the formulation of a Plan on scientific lines, it does not, however, follow that no planning can be undertaken until such data have been collected. When planning was started in India ten years ago, there were many gaps in statistics and yet it was possible to formulate a Plan on the basis of whatever data were readily available. But the very formulation and successful implementation of a Plan, however imperfect, yield further technical and economic data which make it possible to formulate the next Plan on a more scientific basis. This process was, however, helped considerably by the Central Statistical Organisation, keeping in view from the very beginning the need for the collection and compilation of the right kind of data.

EVALUATION

One of the most important functions of the Planning Commission is to keep a watch over and evaluate the actual working of the various programmes and projects included in the Plan. The Members, Advisers (Programme Administration) and other senior officers of the Planning Commission carry out special inspections and investigations from time to time with this object in view. There is a progress unit in the Plan Co-ordination Section of the Planning Commission,

which collects all key data about the progress of various programmes and projects and makes them available in the form of reports and charts, for the information of Members and senior officers of the Commission.

In addition, there are two special bodies: (i) Committee on Plan Projects, and (ii) Programme Evaluation Organisation, the main function of which is to evaluate various projects and programmes included in the Plan. The Minister for Home Affairs is the Chairman of the Committee on Plan Projects and the Deputy Chairman of the Planning Commission, Minister for Finance, two Chief Ministers of the States nominated by the Prime Minister and the Union Minister concerned with the project or class of projects under investigation are members. One of the most important functions of this committee is to set up teams for undertaking investigations and field inspections of important projects, both at the Centre and in the States. The Programme Evaluation Organisation, though administratively linked to the Planning Commission, is for all practical purposes an independent organisation. It was originally set up for making a systematic and periodic assessment of the methods and results of the community development programmes. But its functions are now being extended to cover a number of other important programmes especially in the field of rural development. Its field staff act as the eyes and ears as it were of the Planning Commission in rural areas.

It is, however, the administrative departments at the Centre and the States which have the main responsibility for supervision of programmes and projects included in the Plan and ensuring that they are implemented efficiently and according to schedule. The Planning Commission takes care not to interfere with this responsibility and confines itself only to general appraisal made in close collaboration with the administrative departments concerned.

RESEARCH

Planning involves intensive research in a number of technical, economic and social problems. So far as the technical programmes are concerned, necessary research is done in the various technical research institutes in the country. For undertaking research in economic, administrative and social problems related to planned development, the Planning Commission has set up a special organisation, namely, the Research Programmes Committee. This Committee, of which the Deputy Chairman of the Planning Commission is the Chairman, comprises some of the most eminent social scientists in the country from different universities and research institutes. It invites

research projects from interested research workers and also initiates projects of its own, gives necessary technical guidance and direction to the research workers and provides them with financial assistance.

Apart from the organisations mentioned above, there are three non-official institutes, e.g., the Indian Statistical Institute, the National Council of Applied Economic Research, and the Institute of Economic Growth, which have been assisted by the Planning Commission in various ways and are closely associated with its socio-economic studies.

Planning in the Private Sector

Since India has an economy in which the private sector has an important role to play, the Planning Commission makes it a point to consult the representatives of the organised industry in the private sector, both in the formulation and implementation stages of the Plan. For instance, in the course of the formulation of the Third Five Year Plan, the Planning Commission not only had detailed discussions with the representatives of the Federation of Indian Chambers of Commerce and Industry, the Associated Chambers of Commerce of India and the All India Manufacturers Organisation, but also met separately the representatives of 23 important private sector industries.* The Planning Commission is also associated with the work of Development Councils, which have been set up by the Ministry of Commerce and Industry for certain important industries.** These Councils comprise representatives of private sector enterprises, technicians and consumers, besides some official experts and provide very useful forums for consulting the private sector. An attempt is made to secure that the growth of the private sector enterprises is in the desired direction partly through these consultations and partly through the licensing, capital issue and fiscal policies as also the assistance and investment programmes of Government.

Co-ordination with the States

India has a Federal Constitution and it is very important that there should be the closest co-operation between the Planning

* Cement, ferro-manganese and other ferro-alloys, glass, soap and synthetic detergents, rubber manufacture, ball and roller bearings, plywood, industrial gases and gas cylinders, cement machinery, electrical porcelain, paper, rayon and other synthetic fibres, cotton textiles, woollen textiles, plastic, vegetable oils and vanaspati, sugar, cotton textile machinery, machine tools, chemical and allied industries, iron and steel, automobile, coal.

**Heavy electricals, light electricals, internal combustion engines, bicycles, sewing machines and instruments, acids and fertilisers, alkalies and allied industries, drugs and pharmaceuticals, woollen textiles, art silk textiles, sugar, non-ferrous metals, machine tools and organic chemicals, food processing, automobiles, oils, soaps and paints, paper and pulp, leather and leather goods and pickers.

Commission and the States. General co-ordination with the States is secured at the highest political level through the National Development Council which, as has been mentioned earlier, is composed of the Prime Minister of India, Chief Ministers of all the States and the members of the Planning Commission. The Ministers of the Central Government also participate in its deliberations and the Council makes its recommendations to the Central as well as State Governments.

NATIONAL DEVELOPMENT COUNCIL

The main functions of the National Development Council are :

- (i) to review the working of the National Plan from time to time;
- (ii) to consider important questions of social and economic policy affecting national development; and
- (iii) to recommend measures for the achievement of the aims and targets set out in the National Plan, including measures to secure the active participation and co-operation of the people, improve the efficiency of the administrative services, ensure the fullest development of the less advanced regions and sections of the community, and, through sacrifice borne equally by all citizens, build up resources for national development.

Like the Planning Commission, the National Development Council has no constitutional or statutory authority. But its very composition gives it an unique position and its recommendations are treated with the highest deference by the Central and the State Governments. The National Development Council has been largely responsible for giving the plan a truly national character and for ensuring uniformity of approach and unanimity in its working.

Planning Machinery at the State Level

At the State level there is no Planning Commission but there is a state planning department directly under the Chief Minister. This department is responsible for liaison with the Central Planning Commission and the various departments of the State, co-ordinating their programmes for development and formulating the development plan for the State as a whole. As in the case of the Central Planning Commission, the State Planning Department usually works through the system of working groups. The plan formulated by it is put first to the Council of Ministers of the State, then to a State Development Board or Planning Advisory Committee which usually comprise State

Ministers and important non-official representatives and finally to the State legislature. The suggestions made by the Planning Commission are generally kept in view; otherwise the procedure of planning at the State level is broadly similar to that at the Centre.

Planning at District and Block Levels

Below the State level an attempt is made to undertake planning at the district and block levels. This is done jointly by the officers of the various development departments working at these respective levels and the members of the district councils or block councils and/or the non-official representatives. The District Collectors and Block Development Officers are responsible for necessary co-ordination at the district and block levels, respectively. At the stage of the formulation of the Second Plan, there was an attempt to build up plans from the block level upwards without first giving an indication to them of the resources likely to be available from outside. But these plans had to be later modified rather drastically so as to be adjusted within the financial magnitudes of the State Plans. For the Third Plan, therefore, most States have taken care to indicate to the district and block planning authorities a rough idea of the assistance that is likely to be available from outside before the latter formulated their plans.

Planning at Village Level

An attempt is being made to carry the process of planning further down to the village level and it has been also tried out in certain areas. But it has not yet become an integral part of the planning process in the country. It is hoped, however, that in the Third Plan period, village planning will be developed further and will become the basis for all rural development work. The village plan is to be prepared by the village panchayats (councils) and co-operatives with the help of the development and extension staff at the block and village levels.


CONCLUSION

At first sight, the machinery that has been built up for planning in India over the last ten years may appear to be rather complex and diffused and based on an unduly time consuming consultative process as compared with the set-up in some other countries which are either smaller or have unitary form of Government. But as has already been explained, the nature of the country and its economy has necessitated the development of a decentralised machinery of this kind in India. An essential feature of planning in India is its democratic character. The plan has to be prepared for the people and by the people.

Although experts and administrators may help, it is essential that adequate opportunities should be given to the people to participate at various levels. Moreover, India has a Federal Constitution, where States have considerable autonomy. The planning machinery has, therefore, to be orientated to this structure. Some of the arrangements from the National Development Council down to the different committees and working groups reflect an attempt to facilitate extensive consultations between the various concerned organisations. In this decentralised machinery, the Planning Commission provides the necessary guidance as well as co-ordination, and serves as the necessary link between different constituent units. Moreover, one of its duties is to keep the organisation and method of planning under constant review with a view to simplifying and improving it as much as possible.

It is obvious that planning in a country like India must fall somewhere between broad economic policy making as is done by the Departments of Finance and Economic Affairs in the countries which do not have a planned economy and the very detailed planning of every aspect of national life by a central planning agency as is done in some of the People's Republics. The Indian plan is essentially a framework plan. It lays down the main parameters and fixes the broad targets. Within these parameters and targets the various departments, enterprises and institutions, both at the Centre and in the States, in the districts and the blocks and in the public and private sectors, have considerable autonomy in programming as also in operations. In this system it is very important to take the public as also the officials at various levels into full confidence, determine the programmes in close consultation with them and have adequate arrangements for co-ordinating their various activities. In this situation the integrating function of the Indian Planning Commission would appear to be no less important than the originating part of its work. In considering the structure and organisation of the planning machinery in India, especially of the Planning Commission, this point has to be carefully kept in view.

As the economy develops, the process of planning also becomes more and more technical and, therefore, there is a great need for strengthening the various technical institutions in the country as also the planning units in the various Ministries, States and large enterprises. The ultimate picture of the planning organisation in the country would be a network of planning units in the villages and enterprises co-ordinated at successive higher levels by appropriate planning organisations, which will all ultimately feed the Planning Commission at the Centre. It will, no doubt, take quite some time before this stage is reached, but considerable progress has already been made towards it.



EFFICIENCY AND ECONOMY—REVIEW OF PAST EXPERIENCE

H. M. Patel

BOTH in the Second Five Year Plan as also in the Third Five Year Plan, there are interesting sections dealing with administration in the context of the implementation of the Plans. The principles set out are unexceptionable. Curiously enough, however, neither Plan reviews adequately the achievements and failures of the previous Plan period with a view to assessing realistically the causes for those achievements and failures. There is indeed no realistic appraisal even in the Third Plan of the state of the administrative machinery today at the outset of the Third Plan period.

Very wisely it has been said that “generally speaking, the people are willing to shoulder great burdens if only they feel assured that the resources raised by the Government will be utilised with economy and with efficiency, and there will be no wastage.” With this object in view, during the Second Plan, a very high level Committee on Plan Projects was constituted by the National Development Council. This Committee divided itself into a number of sub-committees or study teams to handle projects falling under the broad categories of irrigation and power, public works and buildings, agriculture and community development, transport and communications, public industrial and mineral enterprises, and social services. The terms of reference of these study teams were made very comprehensive and their members were drawn very largely from Ministers at the Centre and Chief Ministers and other Ministers in the States. The teams were authorised to co-opt experts from abroad and from within the country to assist them in their work. The reports produced by these study teams have been thorough and interesting and should have been given greater publicity than they have received. As it is, it is not even known, however, if the more important of their recommendations have been accepted and carried out! The reports certainly contain much that is wise and founded in experience, and much also that would be found to be impracticable.* Thus, for instance, in the report on the Chambal Project, the Committee states : “Another administrative matter which is of importance relates to the staffing position in the project... Experienced personnel required is admittedly in short supply and it is not a correct policy to leave each project to make its own arrangements... We are satisfied that the only

solution is the pooling of existing resources to the best advantage of all the projects in the country. If the conditions of shortages as prevailing in the Chambal are to continue it will mean severe setback to its progress... Notwithstanding the above proposals it appears necessary that development of technical personnel should proceed from within the project." *Prima facie*, pooling of resources appears sound and wise : yet, in practice, it will be found to be a source of so much delay and irritation that on balance it may well be an advantage not to attempt to work a rigid policy of this nature. The Planning Commission would have done well to have drawn specific attention to these reports.

The primary aim must be to ensure both greater efficiency and greater speed in implementation. The process of improving administrative efficiency is a continuous one, and progressively through work studies and in other ways, better methods have to be designed. For the execution of any programme or project, the primary need is to fix specific responsibility on the agency concerned, and within it, on particular individuals, within defined limits, each individual should be given full responsibility, and with it, the necessary measure of support and trust. If he fails in the discharge of his responsibility, he should be replaced. These are sound concepts, and have been expressed in simple and unambiguous language. But are they being adopted at the Centre and in the States? If not, why not? It is true even today that in the States, which have to execute projects and programmes in a variety of fields, locally important individuals belonging to the ruling party make it extremely difficult for district officers and those working under them to function effectively. This inevitably affects the efficient implementation of Plan programmes. The remedy is fairly obvious. But how often is it applied? And if not, why not? The Third Plan would have done well to have drawn attention to obstacles of this nature both at the Centre and in the States to achieving efficient and speedy implementation. To some extent, such handicaps may have to be accepted in a democratic set-up, but sometimes it is useful merely to bring out in the open difficulties of this nature, even if there may be no easy answer to them.

For some reason or other, even after so many years of independence, it is not as generally realised as should be the case how great is the value of good administration to democracy, and, above all, its indispensability to a democracy with a planned economy. Nothing else can explain the great gap that has throughout the last twelve years and more existed between professions regarding the value of good administration, and the meagreness of steps taken to achieve

such an administration. Only a few days ago, no less a person than the Home Minister himself was reported to have remarked publicly that the responsibility for the slowing down of the progress of the country must be attributed to indifference and red-tapism of the bureaucracy. He is reported to have gone on to say that a matter which could be settled by discussion between two officers in a matter of minutes remains unsettled for months together, pigeon-holed among the files and the papers of the officers concerned. It does not seem to have occurred to the Minister to ask himself why if he knows this to be the case he does not take steps against the officers concerned. If only firm disciplinary action is taken against any officer who shirks his responsibility, and by the same token, appreciation is shown of officers who do not hesitate to accept responsibility, there would never arise an occasion for complaining of indifference or evasion of responsibility.

The tendency to regard only the civil service as administration, and the Ministers as being outside it, is to be regretted, for it is itself responsible for much demoralisation of the civil servants. The tone for the administration is indeed set by those at the top : if it is known that the Minister will not tolerate avoidable delay, those working under him would endeavour to see that everything was done expeditiously and efficiently. At the same time, mere circulars enjoining upon officers and staff readiness to shoulder responsibility would fail to bring about any significant improvement so long as the staff is not convinced that *bona fide* mistakes or errors of judgment in taking speedy decisions and accepting responsibility will be excused and they will be backed against criticism, however motivated.

The calibre of our administrative personnel is still good : where the present generation is at a disadvantage in comparison to the previous is in regard to the training it receives or fails to receive. Standards and traditions cannot be established through lectures in Administrative Training Schools : they have to be established in and through practice. And this is where the code of conduct observed at the top, both among the Ministers and among the senior Civil Servants plays a vital role. There is another point which needs to be emphasised in this context. There is a tendency to extol the merits and the value to the country of the technologists, the engineers and the scientists, and simultaneously to run down the administrators. There can be no objection to singing praises of the former. But it is unnecessary to institute a comparison and to say that one is more valuable than another. Let the panchtantra story of the conflict among the different parts of the human body, each claiming to be more indispensable than the other, not be forgotten. Each has a

role to perform, and each would be handicapped without the other. It is time the denigration of the Civil Servants stopped, for it can only demoralise, it cannot improve them. Finally, there is the question of corruption. Here again, it behoves Government not to decry any particular group of the public servants being corrupt or more corrupt than another. There is corruption today in one form or another at all levels, some would say, for they would contend, acceptance of money is not the only criterion of corruption. Expediency, if nothing else, demands that we punish quietly and firmly wherever a malpractice or corruption is established, and cease generalising and maligning a whole class, vast majority of whom have standards as high as those of any other group of people in the country.

It ought to be obvious to any serious student of affairs that the success of the Third Five Year Plan depends almost as much upon the availability of adequate foreign exchange as upon the availability of efficient administrative personnel and organisation at the Centre and in the States. And although this is realised, and although it is universally realised, how very important agriculture is to the economy of the country, very little appears yet to have been done to give effect to the recommendations of the Agricultural Administrative Committee, which submitted its report to Government over three years ago.

II

There are relatively few fields in which our achievements during the Second Five Year Plan have been up to the mark and the failure will be found to be due to no small extent to bureaucratic inaptitude, though it would be incorrect altogether to exonerate the Central and States' Ministers themselves, who could have, undoubtedly, obtained better results, had they, for their part, shown greater industry, application to detail, and determination.

It is a fact that in the Second Five Year Plan we have fallen short of the prescribed target in respect of almost every item which legitimately comes under the heading 'Agriculture'. Agriculture has lagged behind because the benefits of the substantial investments, which have been incurred, for instance, in the extension of irrigation, both from small and large irrigation works, and the establishment of seed farms were not realised early enough. Problems which require large-scale participation on the part of the people such as soil conservation made only very limited progress, while the consumption of fertilisers increased very slowly during the first four years of the Second Plan. What led to these failures? Why did it take so

long to establish improved seed farms so that, relatively speaking, but little benefit accrued to the small farmer? Administrative inefficiency and indifference can be the only answer. The Ministers appear to have insisted on no urgency, and to have accepted delays as unavoidable. The failure to put to the fullest use water, made available by irrigation schemes, major or minor, must likewise be attributed to administrative incompetence, and absence of a sense of urgency among all officials concerned. Soil conservation schemes showed little progress because there appears to have been no great enthusiasm for them. Where there was enthusiasm and keenness, as in Maharashtra, quite remarkable work was done in regard to contour-bunding. Here again, administration at the top must accept responsibility, for had they been vigilant both in the States and in the Centre, far more progress would have been achieved. Progress in afforestation has been painfully inadequate, and meantime, floods occur with frightening regularity and increasing intensity. In regard to fertilisers, there can be very little doubt that the blame must attach to the Government, the Planning Commission, and the officers concerned. The delay in coming to a decision on where to locate the factories, what their size should be, what the terms should be for the supply of refinery gas for the fertiliser factory to be located at Trombay, were all matters on which much earlier decision would have been possible, had someone responsible in the Planning Commission or in the Ministry concerned, or amongst the senior officers been imbued with a sense of urgency or counted the real cost not merely in terms of foreign exchange, because some additional quantity of fertiliser had to be imported for a longer period, but in terms of the loss to the farmers and to agricultural production.

The Grow More Food Enquiry Committee in its report submitted as long ago as 1952 recommended strongly the desirability of achieving rapidly self-sufficiency in production and multiplication of improved essential seeds for securing larger agricultural production. Nine years have gone by, and if we are to accept the findings incorporated in the latest report of the Programme Evaluation Organisation of the Planning Commission, hardly anything really worthwhile has so far been achieved in this important direction. The report contains the surprising statement that improved varieties of seeds introduced during the past decade or so do not show as high yields as those introduced earlier. A comparison of yields of seed farms on Government land with those of registered growers show that the yield per acre on the latter was higher for most of the varieties of paddy and wheat. Only 5% of the seed farms took the precautions necessary for preserving the purity of the seeds produced. It is not

surprising therefore to read that 90% of the seed farms are found to be running at a loss. Altogether a most depressing report. The main cause for the failure of this project of basic importance to the agriculture is clearly administrative. The first two or three years were spent in acquiring the land required for the establishment of the farms and the real work on the farms in a great many cases began only in the latter part of the Five Year Plan period. Why, one asks oneself, did no one at the top make it his business to enquire from time to time what the progress in regard to the seed farms was and why no better progress was being achieved?

Th State Governments must accept without any hesitation whatever the responsibility for the failure to implement in a satisfactory manner the programme in regard to improved seed farms. It was in consultation with them that the programme had been drawn up and they should therefore have planned well in advance the detailed steps necessary and determined the manner in which they would proceed to carry through or, give effect to, their proposals. It should have been possible for the State Governments to foresee the various requirements for carrying through such a programme, the problem in regard to the location of farms, the difficulties likely to arise in the acquisition of land involved, the officers to be selected to take charge of the farms, the finances necessary for the proper management of the farms, *i.e.*, in regard to personnel, buildings, equipments, etc. All these matters should have been taken in hand almost simultaneously with the preparation of the scheme for submission to the Central Government. Failure to do this in proper time inevitably resulted in delays in completing these preliminary stages amounting to anything from two to three years. Inevitably the benefit of the improved seeds could not be vouchsafed to the small farmers during the greater part of the Plan period and considerable wastefulness also resulted in most cases from efforts later to hurry through the programme with consequences which could have been foreseen, namely, unsatisfactory seed farms and wasteful or infructuous expenditure.

III

Let us look at another important aspect of agriculture and the rural sector, that of agricultural credit and agricultural marketing, two closely related matters of vital importance to the farmers. The latest report of the Rural Credit Follow-up Survey, covering selected districts from twelve States confirms what one apprehended, that the growth of co-operative credit has not yet brought about any significant change in the fortunes of small farmers. The greater part of

their credit requirements still continue to be met by money-lenders, amateur and professional, at interest rates rarely less than 18%. The working of the marketing societies likewise was found if anything to be even more disheartening. Only in two districts was more than one per cent of the total crop sold through marketing societies, while in all others it was considerably less.

What can be the grounds for such a dismal record of achievement in so important and vital a sector? It is evident that the failure is that of a policy decision based on an over-optimistic estimate of what was administratively feasible. If instead of attempting to set up a large number of co-operative societies, efforts had been concentrated on a smaller number so that those established could have had the benefit of competent management, there is very little doubt that much more satisfactory results could have been achieved. Apart from this, the poor performance of these rural credit societies was due in some cases to the nature of the governmental supervision which left no initiative to individual members, and in others to the failure of the co-operative departmental officials properly to scrutinise and determine the credit limits to individuals and to credit societies. The marketing societies, for their part, failed to achieve any worthwhile results because they were not organised to discharge their functions: many of them were found to be ignorant even of normal marketing channels and techniques.

The construction of warehouses was an integral part of the scheme of changes formulated by the Rural Credit Survey. Even marketing society cannot help a cultivator to obtain a good price for his produce if he is not able to wait. And if he is to be enabled to wait, he must be extended some credit while he waits, and for this he has only his produce to offer as security. If he can deposit his produce in a warehouse, a credit society or a bank could give him credit against the warehouse receipts. It is evident that because of land reforms and the consequent restricted market for land, land is no longer as valuable a security against loans as it used to be. Its place has necessarily to be taken by an efficient system of credit on the basis of agricultural produce. Although all this is realised, only in a very few States has significant progress been made in the establishment of warehouses. The consequent loss to the small farmers can easily be realised. Little real effort appears to have been put in the greater part of the country to achieve this objective.

Perhaps the most important instrument for the improvement of the rural sector is the Community Development organisation and its varied programme. By October 1963, it was expected to cover the

entire country-side with a network of development blocks and extension programmes. Again, as with credit co-operatives, by attempting too much with ill-trained staff, the results achieved have not been commensurate with the money spent. Moreover, the benefits have frequently accrued only or in the main to larger and well-to-do farmers. On the one hand technical and other services of great value to the small farmer are provided to only a limited extent, and on the other, its credit policies continue to be orthodox, and ill-designed to assist the small farmers. There is nothing inherently difficult in putting right the various shortcomings of the Community Development organisation. Efficient administration is the answer. Year after year, the Programme Evaluation Organisation has made valuable suggestions in this respect, but through administrative inaptitude, not much attention has been paid to them. The result has been wastefulness of a kind which could have been avoided.

IV

The precise significance of economy is not always clearly understood. Why do we not ask and insist upon a satisfactory answer to questions such as the following : Why was the production of urea at Sindri in 1960-61 half what it should have been, and of double salt even less than half? Why have only 88 miles of railways been electrified at a cost of Rs. 40 crores out of a planned 1,400 miles, for which the cost was estimated at Rs. 79 crores? Why is the output at each of the three steel factories so much below the estimated targets? And what is the effect of such slow progress towards the full capacity of the plants upon the price structure?

It may be possible to achieve economy in terms of financial cost by completing a project in time and yet, in reality, the entire cost may be found to have been high and uneconomic. Thus for instance a dam or a power house has been completed according to the original time-table but considerable wastefulness will, nevertheless, have been caused if the canals or the field channels or the transmission lines still remain to be constructed. The efficiency with which a project has been executed must thus be judged in terms of a project as a whole and not with reference to any part of it. The Tungabhadra Dam was designed to irrigate over six lakhs of acres by the end of the Second Plan : up to the end of 1959-60 no more than 129,000 or so acres were cultivated, and by the end of 1960-61, the figure may have reached a little over 200,000 or so acres. The dam itself was completed early in the Second Plan. It is obvious that there has been tremendous wastage of resources.

Again, most projects have in practice to face considerable delays because of the lengthy procedure which has to be followed for obtaining foreign exchange for the import of machinery, necessary industrial materials, etc. The Development Wing of the Commerce and Industry Ministry has been entrusted with the responsibility of ensuring that the capacity for the manufacture or production of any item within the country shall not remain unutilised. Its concurrence is, therefore, necessary before any item of machinery or equipment for industrial raw material is permitted to be imported. The result is that it refuses to agree to the import of materials and machinery even though they are urgently required; the time factor tends generally to be ignored and the necessity for individual items of equipment to be available by a particular date is usually regarded as of small consequence compared to the necessity of keeping the order book full to overflowing of a factory or plant established to turn out the equipment or even a part of it.

It is not the intention here to criticise the policy. Given a policy, however, it must be the duty of the administrative organisation concerned to evolve a machinery that would give effect to that policy as satisfactorily as possible, and with regard as much to its substance as to its letter, and that is where administrative weakness comes in; the organisations concerned seem to regard every applicant with suspicion, including even their fellow government officers and employees of State enterprises. The result of such an attitude is, only too frequently, serious delays in the completion of vital projects. One would have thought that industrial enterprises which have themselves been assisted in many ways should be required to make some effort to obtain orders for their products. As it is, the present procedure only leads them to adopt a superior and unreasonable attitude towards the users of their products. And it would seem the Development Wing and other similar authorities as are required to look after the interests of newly established industries have not also been assigned the duty and responsibility to see that their output is of the requisite quality and the prices charged are reasonable. In respect of State enterprises the users are at times required to accept their products even if quotations are not forthcoming. It may not be unreasonable to assume that, being a State enterprise, its prices would be in accordance with some reasonable formula. Nevertheless it ought to be realised that the user has also a cost problem to face in regard to his own output. Policies such as this do not lead to economy and efficiency either in the industrial units which have to use the output or in the projects which have to use the output of those industrial units. Herein lies part of the answer to the difficulties we are having

with our export drive. In the internal market, because we have a closed economy, price has almost ceased to be a factor of importance: but in external markets, we have to compete on equal terms both in terms of price and of quality. And not sufficient incentive exists for these new industries to seek to achieve a high standard in so far as the quality of their output is concerned, and as low a cost of product as possible. We are indeed paying a high price for our administrative inefficiency.

Organisations entrusted with the task of issuing licences for the import of machinery and equipment and industrial raw materials abroad, or permits for the purchase of scarce materials like steel and cement in the country itself, take weeks and sometimes months to issue the necessary licences and permits. The difficulty of running industrial and manufacturing units efficiently in these circumstances has to be experienced to be realised. Moreover, the dice is heavily loaded against the small entrepreneur in a system which functions in this manner, for he cannot afford to maintain a costly liaison establishment either where the Government offices concerned are located or in their own offices. The cost to the country is always high.

V

Somewhat naively, we keep wondering why the estimates of our projects have almost invariably to be revised and revised upwards, when the explanation for not a little of the increase is to be found in our administrative efficiency. In addition to the delays of the kind already referred to, there are the delays of the various kinds of sanction, administrative, financial, etc. While we argue backwards and forwards regarding marginal differences in quotations, rates, royalties, terms of collaboration, things do not stand still everywhere. While undoubtedly caution and care must be exercised, there is always a point beyond which the price to be paid for excessive caution becomes disproportionately high. It would not be difficult to give instances of increase in cost due to such seemingly interminable departmental arguments. Unfortunately, few outside the privileged circles in the Ministries concerned come to know of the high price we thus pay because of our procedural slavishness, adherence to which ensures safety from criticism in the future, as also from malicious charges of favouritism. It is not only Civil Servants who are thus reluctant to take timely right decisions, but Ministers too hesitate to run the gauntlet of later audit and other criticisms. Procedures are essential and compliance with them must be enjoined strictly. Nevertheless, at a certain level, one should be prepared to deviate from strict

adherence to procedures, if thereby there is good reason to think that public interest is likely to be served.

Economy and efficiency in administration can only be achieved if senior personnel are trained to take decisions boldly and if Ministers are prepared to stand by their officers, should the decisions turn out to be faulty. If right up to the top, everyone is to act according to the routine and is not to exercise his judgment, it would be wiser to refrain from imposing elaborate controls, and running a planned economy. Inefficient planned economy may prove to be an expensive luxury.

What is being suggested here is not that rules and regulations and procedures are meant to be disregarded, but that it is impossible to prescribe rules, regulations and procedures to govern all circumstances and contingencies. According to the importance of the rule or the procedure, deviations may be permitted at appropriate level. Then and then alone can administration be run with economy and efficiency. Our critical attention should be fixed far more frequently on end-results than is the case. We should not then be straining at a gnat and swallowing a camel.

It is evident from this review that we could have done much better in many directions than we have in fact done, had our administrative machinery been more efficient. In spite of this, that we have undoubtedly made remarkable progress, is a fact of which we may justly feel proud, and since there is no reason why we cannot improve our administrative machinery and make it capable of functioning as it ought to function, we can look forward with confidence to a distinctly superior degree of achievement during the Third Plan.

ADMINISTRATION IN THE THIRD FIVE YEAR PLAN

Indarjit Singh

ADMINISTRATION is unfortunately never pre-designed. It follows substantive decisions on policy. It is therefore always catching up. One of the first requisites of administrative improvements in the Third Five Year Plan is to keep administrative thinking in step with policy decisions. There is need in every sphere of activity to note factors of change in the short and the long runs and to start thinking of suitable administrative models for such activities well in advance. The Prime Minister has appointed a Working Group in the O & M Division of the Cabinet Secretariat to map out factors of change. Its task will be facilitated if all viable units were to do their own thinking in these matters.

So much for pre-planning in the administrative sphere. The Plan proper has to be implemented. Its prerequisites are :

1. *Project preparation* : This is like preparing the foundations for superstructure. On it depends the stability of the Plan. The blueprints for projects are comparatively easy if previous experience exists. In the industrial fields, we are taking up pioneering activities. The resulting difficulties are many and administrative questions arising from them need to be resolved. It is not necessary to spell them out in detail but the ability to be able to assess estimates of costs accurately is one of the most difficult tasks to tackle. In most spheres standard costs are not available for preparation of projects.

2. *Implementation of projects* : One of the important tasks is assembly of resources of manpower and materials. Our old procedures are based on excessive and concurrent checks and counter-checks. One of the important administrative tasks is to simplify procedures to enable quick decisions to be taken to procure the necessary manpower and materials. One of the persistent difficulties has been bottlenecks in land acquisition. There is no easy solution for it as the rights of citizens are involved. Unless all possible expedition is introduced, this may affect implementation adversely in many cases. Project authorities must also be left comparatively free in day-to-day operations and should be able to function in a flexible manner. In an economy of shortages, the qualities of improvisation have to be fully called into play; breathing down the neck and too much of reliance on elaborate procedures inhibits, and most often destroys the

enthusiasm to give forth one's best. Rapid turnover of personnel has also to be prevented which is natural in a growing economy. The Government has recently taken some decisions to this effect which will be made public shortly.

Another important problem is the allocation of materials and services in short supply to projects considered vital for the success of the Plan. Some machinery has to be devised to prevent the existence of shortages at strategic points.

Industries, which are now in operational stages, will need to concentrate on improvements in production planning, maintenance, inventory control and cost reduction. The problem of pricing and marketing of products of State undertakings will begin to emerge.

In the non-industrial sector, the rural development programmes, *i.e.*, community development, co-operatives, increase in agricultural production, housing and communications will need the best in us on the administrative matters. The success of these programmes will rest principally on good organisation. Education and water supply are other aspects on which large sums are likely to be spent. The Committee on Plan Projects has set up a team for the study of Educational Schemes and the report of their panel on Water Supply will indicate the variety of administrative problems in that sphere.

Administrative problems in connection with implementation are many, diverse and complex. Some of them are known; others will arise as we go along. Our ability to tackle them quickly and effectively will be the supreme test of our administrative efficiency.

One of the major organisational efforts requiring a great deal of market research, quality control, working of incentives schemes and quick decision-making will be necessary in the most important and vital national task of export promotion.

3. *Review of progress and an alertness to changes which are bound to arise in the best formulated projects* : It is easy to overorganise reviews. This can be done under many names : supervision, evaluation, research, scrutiny, study, examination, inspection, etc. Most of this is not necessary. A successful system, which is the least costly and most expeditious, is one in which implementing authorities furnish purposeful information on progress and future anticipated road-blocks. The design of such a reporting system is a challenging administrative task as reliable two-way communications are important both for the policymakers and the project authorities. Administrative research and evaluation have their parts to play in selected fields.

4. *Reduction of costs* : The horizon of the Plan is full of forebodings on increases in costs arising from national and international factors. The provision of foreign exchange is in itself one of the important causes of rise in costs thus underlining the extreme importance of export promotion. It is, therefore, incumbent on everyone to be cost-conscious if the physical targets of the Plan have to be realised. It is not appreciated that 25% of the Plan budget is spent on buildings. It is axiomatic in present practice that building costs rise as we go along. A major effort will have to be made in the Third Plan to reduce building costs. The studies made by the Committee on Plan Projects show that unless new and cheaper materials can be found, the reduction in costs can only come through a careful scrutiny of requirements of the area considered necessary. As much as 20% reduction is possible by enforcing such rules as every room should be used for six hours a day, multiple use of accommodation should be made and the percentage of carpet area to total built-up area should be progressively increased. The Third Plan has devoted an exclusive section to construction costs. This is a measure of the importance attached to them for the success of the Plan. Methods studies have to be resorted to and sometime the entire working habits of the organisation have to undergo changes for the better. This is a matter of psychological adjustment and a great deal of selling of ideas has to be done before success is achieved.

5. *Financial management* : It is one of the procedures of Government, which has resulted in a great deal of argument. The Rules of Business require that all proposals involving incurring of liabilities should be cleared with the Finance Ministry. This encourages itemised approach. Though the Ministry of Finance has broadened the scope of delegations successively, this itemised approach remains intact. As activities expand, due to growth, and decision making gets diversified (and vital decisions committing funds are being made in organisations removed from the Secretariat), this itemised approach to financial management is particularly difficult to live up to. The result is the cluttering up of small items in limited time, and much as one would like to, one cannot give the important financial liabilities the attention they deserve.

As a result of the work study of the Expenditure Department, the Government has agreed to the following new principles of financial management :

- (i) Larger delegation of powers will be made to Ministries for creation and continuance of posts, subject to periodical reporting and work study. It will be an integral part of the

arrangements that Ministries should set up competent work study units internally.

- (ii) Budget proposals should be prepared and sent to the Ministry of Finance for scrutiny according to a schedule agreed upon between the Secretary, Expenditure Department, and the Secretary concerned. The Budget examination in some cases may begin as early as in August instead of later as at present.
- (iii) The arrangements in the Department of Expenditure for financial examination of projects would be strengthened.

This will remain a pious sentiment unless:

- (a) the Ministries re-organise themselves and create within their structures strong project cells to get estimates prepared in time for budget examination.
- (b) a time-table is agreed upon between the Ministry of Finance and the administrative Ministries for orderly submission of budget estimates in sufficient details to enable a fair appreciation of liabilities likely to be assumed. The period of pre-budget scrutiny will have to be enlarged. Fortunately, several types of schemes, particularly phased plan schemes, do not depend on past actuals for good budgeting but on a proper judgment of the facilities available for completing them. It is possible to get such estimates earlier. In fact schedules of new expenditure in the Punjab go to the Finance Department on or about the 1st August every year—much earlier than in the Central Government. Even the time-table, if worked out in meticulous detail, will not fully help. No project can, unless it is a repetitive one and standard costs are available, be prepared in exact details; the Ministry of Finance will have to indicate in advance what it considers is sufficient detail for a proper appreciation of liabilities. It should develop its own check lists and send them to the Ministries as guides to the preparation of project estimates.
- (c) lastly, since itemised estimation by Finance Ministry will be given up, Secretaries of Ministries will have to re-organise their own set-up for financial, accounting and budget work and frame rules of business for consultation by departmental and other spending authorities. One of the objectives of the measure is broadening of financial powers to implementing authorities. The Secretaries will have therefore to eschew the system of itemised control within their

own Ministries and provide for consultation only on vital matters.

It is not easy to break away from the century-old moorings on financial matters. The methods of examination and the appreciation of risks of alternative systems are inbred; they have received support from financial irregularities discovered in the course of examination of accounts. *But* it is axiomatic that in an expanding economy, *no* central control will be able to prevent them. Ultimately principles of sound financial management should be the equipment and watchword of all spending authorities. Financial responsibility has to be broadbased; but financial administration could be improved through random checks and studies of aspects of expenditure which need attention.

Nevertheless, there is a limit to the enlargement of financial powers. Even in such economies as the U.S.S.R., the post of the Comptroller, it is understood, is in the hands of the higher authorities than the plant management. Similarly in large American companies the power to spend on capital items is strictly limited and the rule to get itemised project reports before work is started is regularly enforced unless a company has to go in for a product for which no time should be lost, such as in a competitive situation.

6. *Containing the costs of projects* : One of the persistent criticisms is that project estimates are always widely exceeded. Some of the projects are of a pioneering character for which no precedents exist; while others are repetitive. A considerable amount of accuracy in estimates should be expected in the latter case but as regards the former, the best one can do is to see that no detail is missed as far as practicable. Estimates of costs are dependent on foreign technical advice. It will be a useful exercise if it were possible to make case studies of project estimates in the public and private sectors to assess the factors that make for changes from original estimates. My discussions have shown that changes are inevitable particularly in new ventures; the only point of importance is whether they can be contained within limits by better planning.

7. *Community relations particularly in the fields in which shortages exist and planned distributions have to be resorted to* : Moreover the benefits of planning are more widely appreciated if the public gets a proper profile of Government where it comes in contact with it. One of the decisions recently taken is that in such cases where it is practicable, time limits should be prescribed by the Heads of Departments for dealing with representations, applications, etc., from the public and this time limit should be freely advertised. There is also need for

organising information counters, staffed by adequately trained people, to give information to the public on vital matters in which they are concerned with the Government. Some other decisions have also been taken in this respect and will be made public in due course.

8. *Motivating and maintaining public services at peak performance:* There is no substitute for every individual assuming responsibility for himself and building up a challenge in his job to exceed his targets on his own. It reduces the load of supervision, builds up responsibility from grass roots and infuses a sense of patriotic fulfilment and satisfaction. This is not dependent merely on the scale of remuneration received but granting that endeavour, which is being made in these matters to be as objective as possible, the will to improve upon standards of performance should be built upon the importance of national tasks entrusted to each individual wherever he may be in the ranking list of public servants. Personnel policies will have to be carefully worked out to achieve these objectives. Objective job descriptions, positions classifications, clearcut assignment of responsibilities and an adequate system of incentives have all their part to play in this matter.

9. *Managerial and Work Study Techniques :* In order to assist persons to this end, the widest possible dissemination of the knowledge of managerial and work study techniques should be undertaken. They add analytical equipment to the will to work and enable an objective appreciation of the targets, the assumptions on which they are based, assist in simplification of work and an evaluation of inter- and intra-departmental relationships. Indeed they make each individual improvement-conscious.

10. *Vertical Movement of Ideas :* There is also need for freer vertical movement of ideas for improvements. The O & M Division has, during its investigations, come across the feeling that the task of improvement of administration is monopolised by senior levels of Government service and that there is not enough willingness to receive, much less appreciate the contribution which all of us, wherever situated in the scale of service values, can make to the improvement of machinery of Government.

11. *Speed in Decision Making :* The speed of decision making in vital sectors, each one of which should be identified by Secretaries to Government, should be improved without affecting the present quality of decisions—nay even by improving them. As most of our decisions now are what are called investment decisions, there should be a wider appreciation of their constituent elements by assiduous training of the new-comers. The need for better managerial

training is insistent and has to be taken note of. The question of improvement in managerial capacity of administrative personnel is very important. People in earlier days reached senior positions through long experience. Growth in administration places comparatively less experienced persons in important positions. It is a very desirable consequence of growth of administration but some training, which may bridge the gap created by lack of experience, is essential. The Government has recently taken a decision to intensify such training arrangements.

12. *Evaluation* : A great deal has been written about evaluation. It is a very attractive idea. The implications of evaluation are however not well understood. If proper supervisory arrangements exist, there is automatic evaluation. Studies by outside organisations are welcome but they should not undermine the value of the normal line of supervision. Moreover, evaluation to be a success has to be made by persons equally capable, technically and administratively, as those placed in charge of implementation of policies. When there is dearth of persons of that nature, the demand for evaluation will be a draft on scarce resources of administrative capacity elsewhere required. However, administrative research and analysis are the life-blood of a progressive organisation. The only difference between evaluation and research is one of attitudes. While the latter seeks to influence, the former could, in certain circumstances, result in undermining the capacity of existing supervisory channels. There is a great deal of co-ordination necessary between various types of disciplines and functions which have, for convenience of organisation, to be split up in small administrative units. Such co-ordination functions are performed by the Committees of the Cabinet, Cabinet Secretary, various Committees of Secretaries constituted specially for the purpose, etc. Administrative research and analysis are the responsibility of the Committee on Plan Projects in selected sectors of economy and of the Programme Evaluation Organisation in relation to schemes of community improvement. The Planning Commission itself acts as a co-ordinating body in several spheres of activity which are vital for the success of the Plan.

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These are a few examples of the types of questions which have to be tackled in the administrative sphere. It is clear that they require considerable changes in the present organisational pattern of Government of India, of the States and of autonomous bodies. The Third Plan must inevitably be a period of experimentation in forms of organisations and in methods of work. There is no doubt, however, that

the Secretariat and other organisations, which we inherited from the British, are already showing signs of maladjustment with present-day circumstances. In fact, the British precedent of the nineteenth century is scarcely an appropriate one to endure against existing stresses. The British system, even as it exists today in the U.K., is not an adequate pattern for the type of functions our Government has assumed. The problems of mixed economy, in which participation in industrial activity predominates and initiative has to be taken by Government in organising several pioneering activities, cannot be contained in the type of organisation prevalent in the Whitehall.

Nor can the U.S. system be transplanted in our environment. The functions of U.S. Government are hardly comparable to those of Government of India. The examples of other countries also do not help. We have therefore to evolve our own system suited to our genius, functions assumed by Government and circumstances. The central fact of our situation is the comparative illiteracy of the mass of our people. If the system is to be built up from grassroots upwards, the vast amount of effort that must go into the training for civic responsibility, which is the ultimate foundation of efficient administration, can well be imagined.

The administrative tasks of the Third Plan are therefore complex and of great magnitude. They will affect all spheres of activity, political, economic and social as well as all types of organisations whether the Central, the State or the local bodies including such vital sectors as Panchayats, Panchayat Samitis, Zilla Parishads and Co-operatives. It is difficult to spell out in the space of a short article, the details of the measures required to be taken. What has been indicated above is a bare outline in general; the points could be multiplied but the details are too many to be indicated. Ultimately it is the fibre of our national capacity which will count in successfully meeting the unprecedented administrative challenge.

Wherever we may be working, we all come from the same environment. The fact that we exercise different professions, does not mean that our basic nature and environmental acquisition radically gets changed. Certain disciplines of each profession do play a part in motivation but the effort does not seem to be of a radical nature. Rice gathered from the same field has the same percentage of broken grains in whichever bag it is stored. Thus improvement in the general tone of administration is an equal responsibility of all. The civil servant is first a civic personality before he is a public employee. He is a developed personality when he enters public service. He may be motivated by training but it is obvious that if the best results are to

be obtained, training in colleges and schools has also to play a great part in moulding national discipline of public service to whichever profession we may belong. Much attention has not been paid to the fact that Government service is a link in the chain of public discipline and that it is thus a part of the overall problem of improvement of national standards.

The Third Plan may well be the beginning of an effort in that direction. Educational system is a most powerful disciplining device—for better or for worse. It depends upon how we mould it for inculcating those disciplines that are the necessary attributes of a good citizen as also of a good civil servant.



OPERATIONAL ASPECTS OF FOREIGN AID AND TECHNICAL ASSISTANCE

N. C. Sen Gupta

FOREIGN aid has become an important resource, and in some respects an essential resource, for the Plan. The figures speak for themselves. Up to the end of the First Five Year Plan, the aid authorized amounted to Rs. 394.23 crores, out of which Rs. 196.62 crores were utilised. During the Second Five Year Plan, Rs. 1,059.34 crores of aid were authorized so that along with the carry over from the First Plan Rs. 1,256.95 crores were available. Of this, Rs. 888.21 crores were utilised in the course of the Second Plan. We have started the Third Five Year Plan with a carry over of authorized aid of Rs. 368.74 crores and various foreign credits already negotiated and the aid promised by the Consortium countries have already amounted to Rs. 1,394.03 crores. In broad dimensional terms, foreign aid utilised in the First Plan (including Rs. 90 crores of the U.S. Wheat Loan) was slightly less than 6 per cent of the total investment in the economy. The proportion was about 13 per cent in the Second Plan (excluding PL 480 aid). In the Third Plan, external assistance will constitute about a fourth of the total investment envisaged in the Plan period.

II

The availability of foreign assistance for economic development has been one of the important spheres in which international co-operation has been conspicuous since the cataclysm of the last war. It is now universally accepted that great disparities among sovereign nations will inevitably produce conflicts. The economically developed nations are now conscious that the techniques and the capital equipment which have built up their economies should also be made available in ever-increasing measures for the nationals of the under-developed countries in the interest of health and balanced development of the whole world. The lesson is not confined only to economists and politicians. The presidential address at the Dublin Meeting of the British Association in September 1957 contained the following observations :

“A ‘have-not’ country, bound like a modern Tantalus by the chains of its lack of capital, gazes with unquenchable thirst

on the growing riches of modern technology which it cannot enjoy.

“The uneven division of power and wealth, the wide differences of health and comfort among the nations of mankind, are the sources of discord in the modern world, its major challenge and, unrelieved, its moral doom.”

A well-known cartoon very effectively represented the idea by illustrating a leaking boat in which people huddling at the corner temporarily unaffected by the leak were looking complacently towards the people drowning in the leaking corner.

III

The Charter of the United Nations enjoins on the member countries to pledge themselves to co-operate :

- (a) in solving international problems of economic, social, cultural and humanitarian character;
- (b) in the promotion of a higher standard of living, full employment and conditions of economic and social progress and development; and
- (c) in the promotion of international economic, social, health and related problems as well as in international, cultural and educational co-operation.

The International Bank for Reconstruction and Development, the International Monetary Fund, and the International Development Authority in the sphere of economic assistance and the specialized agencies like the United Nations Technical Assistance Board, International Labour Organisation, Food and Agriculture Organisation etc., and the United Nations Special Fund in the field of technical assistance are drawing upon the resources of all member countries of the United Nations for the economic development of the underdeveloped countries.

Apart from the United Nations programmes, there are regional arrangements (like the Colombo Plan for South and South-East Asia), and also bilateral arrangements among different countries under which assistance is flowing from developed countries to under-developed countries. Moreover, a number of philanthropic organizations like the Ford Foundation and the Rockefeller Foundation of the USA and the Nuffield Foundation of the UK have also given considerable assistance to countries like India.

IV

It is of the utmost importance that receipt and utilisation of foreign aid are very adequately organised so that not only are the objectives fulfilled, but the flow of assistance may not be impeded. Where assistance is needed for revival and reconstruction, the problems are relatively simpler. The allocations of the US Government under the Marshall Plan for war-ravaged countries of Europe or the loans of the World Bank for reconstruction purposes could be planned beforehand with some degree of accuracy and the results have also been achieved more or less according to schedule. When, however, assistance is for development projects, the operational problems are more serious. In a developing country like India, unless the project refers to a category like primary education, there is usually a foreign exchange component which frequently threatens to become the essential element, the lack of which will constitute a serious hold-up. When the country's exports do not produce the necessary surplus of foreign exchange to pay for essential imports, foreign assistance has to be arranged if the development programmes are not to be drastically curtailed. Foreign assistance has thus become as important as internal resources. That is why in India all receipts of foreign aid are co-ordinated in the Ministry of Finance and are treated with the same care and scrutiny as internal resources available for development. In preparing the periodical foreign exchange budget, the Ministry of Finance has to take into account the export earnings and also the estimated availability of foreign assistance and foreign credits as it examines the requirements of the different Ministries and administrative authorities for allocations of foreign exchange for implementing the Plan projects and running the administration. Similarly, in order to arrange technical assistance programmes, the Foreign Aid Division in the Ministry of Finance asks at the beginning of every financial year for suggestions of different administrative Ministries and State Governments and also authorities like the University Grants Commission, Chambers of Commerce etc., as to their requirements for the year. The sponsoring authorities are expected to make their suggestions in accordance with their approved annual plans and also taking into consideration their approved financial provisions. Some local costs for the foreign experts have to be provided for in the budget. Provisions have also to be made for meeting the expenses of sending on deputation the selected trainees. The aim has to be to avoid duplication and to ensure prompt utilisation. Therefore, considerable follow-up work including visits of evaluation teams has to be undertaken.

It may be useful to look into the question more elaborately. A country which already has a favourable balance of payments and/or large foreign exchange reserves will not normally require foreign assistance for its development. When India had large sterling balances, India also was not so much concerned with arranging foreign credit and receiving foreign assistance for implementing development programmes. These programmes will ultimately pay for themselves, if these are properly implemented. However, without the initial investment in capital equipment and without arrangements for technical know-how for operating the capital equipment, there can be no implementation. Therefore, when our sterling balances have practically come down to the rock bottom and our exports continue to lag behind imports by as much as Rs. 350 crores per year, there is no alternative to arranging foreign assistance. The major portion of such assistance will necessarily be in the form of loans. This is because the aid-giving country may not be in a position to permanently alienate its resources for the development of another country. This is also because the aid-receiving country will be in a position to pay back when the programme is properly implemented. But the credits have to be arranged in time so that implementation can proceed smoothly and the training programmes have to be organized properly so that when the imported machinery or equipment arrives, there is trained personnel to take charge.

It has thus become necessary to obtain detailed estimates of foreign exchange requirements of plan projects and also the phasing of foreign exchange expenditure in each project. The prospects of obtaining equipment and know-how from the different countries have also to be estimated correctly. Care has also to be taken to ensure that the overall creditworthiness of the individual projects or of the country as a whole is not allowed to be a subject of speculation. The World Bank is now India's biggest creditor and maintains an office in India and also sends periodically technical people to review and assess India's requirements and utilisation of assistance. The Technical Co-operation Mission of the US Government also is continuously assessing the utilisation of the US assistance to India. Above all, the audit authorities in Government are regularly examining receipts and utilisation of assistance. The Ministry of Finance, therefore, must obtain complete information about the economics of a development project in need of foreign assistance and will have to depend on the co-operation of the administrative Ministry concerned for effective utilisation. A Commissioner-General for Economic Affairs has been functioning for the last three years in Washington to arrange for a proper consideration of Government

of India's requirements of foreign exchange for different development projects. A similar office has been functioning in London for undertaking liaison work with the different Governments of Europe.

There is another overriding consideration : aid is accepted only for a project in the Plan. All available internal resources are earmarked for the Plan projects and even when specific aid for implementing an idea not in the Plan is offered, there are difficulties in releasing technical manpower and other necessary internal resources. The Plan itself is not yet fully covered by availability of resources. The first check in processing any request for foreign assistance is invariably to ensure whether it is a part of the Plan and what its priority is.

How does aid actually flow to a project? We may look into concrete examples. We have taken World Bank loans for the Damodar Valley Corporation project. The Corporation and the Ministry of Irrigation and Power have had to prepare a report indicating the economic value of the project. The Ministry of Finance has thereafter sponsored the project with the World Bank. The World Bank has got the project examined by its technical people. Negotiations have taken place between the representatives of the administrative Ministry and the project authorities and the World Bank authorities. Finally, the loan has come to Government of India, which, thereafter has made the necessary foreign exchange available to the project authorities. Similarly, before the Development Loan Fund sanctions a loan for a fertiliser project like the one being set up at Trombay, detailed examinations of all available data are required to be undertaken by the administrative Ministry. The Ministry of Finance has to examine the case from all angles including the requirements of fertiliser imports and the needs of fertiliser production and DLF authorities have to make technical studies before their Board approves the loan.

In the entire process the main concern is that the ability of Government to present a request in a manner which will satisfy the guiding principles on which the aid-giving agency or country will work. There is frequently an insistence on the project concept. That is to say, the aid giving authority will like to have a regular, fully worked out project before it will make any allocation of its funds in foreign exchange or otherwise. The donor naturally wants identifiability and viability. The result is that when the recipient country may not have foreign exchange resources to meet the recurring essential needs of the economy, it may have large allocations from different donor countries which can be drawn upon only as and when the projects to which they are tied get going. It is no doubt difficult for a Government to make resources available to a foreign Government without being fully satisfied that the recipient country would be

sufficiently careful in utilisation. Nothing does greater damage to an aid programme than a few eye-catching instances of misuse in the recipient countries. Moreover, the donor has frequently to time its disbursements of aid funds according to its constitutional requirements. Allocation, accrual and accounting of foreign aid, therefore, involve careful negotiations. Without some flexibility, an aid programme financed by a foreign agency may not bring the expected benefit. Some programmes, however, have to be rigidly implemented. The malaria eradication programme financed by the WHO and TCM has achieved considerable success in India mainly because the donor agencies as well as the Government of India have steadfastly made available year after year insecticides, trained personnel, transport facilities and other requirements on the basis of a previously arranged plan of operation. Even in the midst of a severe foreign exchange crisis, India has made available the foreign exchange for import of DDT according to its share in the programme.

Predetermined programmes cause difficulties also in the field of technical assistance. It is necessary to project ahead the needs for technical manpower so that arrangements can be made in developed countries for training facilities for the selected candidates from the under-developed countries and for recruiting experts required in the recipient countries. But if such projection does not leave any elbow room for adjusting with urgent requirements, there are occasionally grave difficulties. Over the past ten years, the annual intake of engineering colleges in India has arisen more than three-fold and of polytechniques training personnel at the supervisory level four-fold. In the Third Plan, the annual intake in these institutions will increase by further 50 per cent to 60 per cent. Even so, the scope for technical co-operation with developed countries in this field will increase greatly as India's industrial and potential needs develop. If this growing demand cannot get reflected in technical assistance programmes because of previously determined arrangements, it is clear that the maximum benefits will not be derived. There are sudden and emergent demands for expert assistance in handling specific problems in, say, a big river valley project or an essential fertiliser undertaking or a newly opened coal mine. If technical assistance programmes are in operation, there should naturally be an expectation that these programmes will cater for such needs even without prior project-wise preparations.

Another category of difficulties arise when the pattern of aid suddenly changes because of the special position of the aid-giving agency. It is understandable that countries providing aid would like that large orders for capital equipment or raw materials should be placed with them as far as practicable and at times the state of their

balance of payments may justify such action. However, when a programme starting with facilities for global procurement becomes restricted to specified areas, there are grave consequential dislocations in various fields in a recipient country.

It should be clear from what has been stated above that the principal cause for seeking foreign assistance is paucity of foreign exchange. Therefore, when the foreign exchange made available does not have to be repaid again in foreign exchange, the benefit is the highest. There are programmes which fall into these categories. The PL 480 programme of USA, the Colombo Plan allocations from Canada and Australia are appropriate illustrations. While we receive essential imports like foodgrains, cotton etc., under the PL 480 programme from USA against payments in rupees in India, the generated rupees are to a large extent made available to Government of India to meet the rupee expenditure of development projects. The difficulties of foreign exchange are met; there is no inflationary increase in rupee supplies; deficits in rupee resources are to some extent reduced. The benefits are similar when non-ferrous metals are received as grants from the Canadian Government and are sold in India against rupees which are made available for Plan projects.

V


India is also a donor. India's contribution to the United Nations Technical Assistance and Special Fund Programmes amounts to more than \$2.5 million a year. More than a hundred experts from India are helping other countries under the various U.N. programmes. As a member of the Colombo Plan, India has offered large training facilities in India to the other member countries and today inside the South and South-East Asia region, India has become the biggest donor. The Indian aid programme in Nepal exceeds Rs. 20 crores and a regular Aid Mission is maintained at Kathmandu. The Indian programme in that country covers practically all fields of development including communications, education, community development, industrial surveys, etc. Recently, India has also offered technical aid of about \$25 million to the Mekong River Valley Project which has been undertaken under the auspices of Economic Commission for Asia and the Far East covering the four countries in Indo-China. The Government of India, therefore, also looks at the problem of foreign assistance from the angle of a donor. Aid funds voted by Parliament have to be spent in accordance with the accepted principles of public administration. Proper expenditure statements have to be obtained and audit has to be arranged. At the same time, utmost care is needed

to ensure that there is no interference with the internal administration of a sovereign Government and that aid is offered only for purposes which appeal to the recipient country. Officers of the Indian Aid Mission in Nepal have to work in daily contact and co-operation with their counterparts in the Government of Nepal in order to produce concrete arrangements whereby Indian aid goes to fields mostly required by Nepal. Similarly, technical officers had to be sent from India to assess India's share of the work in the Mekong Valley and to prepare the necessary designs and reports.

VI

Ten years of development plans have thrown up a rich background of experience in India for utilising external assistance. Development is taking place through an economic structure adjusted for harnessing all available agencies within the country to the task of implementing the Plan and for channelling and utilising external assistance from diverse sources. As the Indian economy moves forward, it necessarily becomes more complex. The field of choice for earmarking identifiable projects for specific programmes of assistance gets limited. The results that have been achieved already and which can be properly evaluated nevertheless indicate that a flexible approach on an overall basis will not lead to difficulties either for the donors or for the recipients. Effective end-use for economic development can be guaranteed for all aid which comes as a resource for the Plan.

It should be emphasised that the provision of economic aid only will not bring development to a country. The American Ambassador to India, Prof. John K. Galbraith, has indicated in his well-known essay on "A Positive Approach To Economic Aid" that mere allocation of economic aid does not deal with decisive barriers to development like illiteracy, absence of sound administration, presence of social injustice and the lack of a sense of purpose. It is extremely important, though it may not be extremely difficult, to ensure the operation of an integrated programme which will produce the environment in which foreign assistance can be properly assimilated and produce dividends. Peace and political stability have to be preserved. A trained administration has to arrange implementation with impartiality and honesty with conscious efforts for removing social inequities. The goals of planned development should be clearly in view. Above all, the developed nations should continue to follow enlightened policies of contributing a part of their rapidly increasing national incomes for the development of the newly emerging nations.



MEASURES FOR STRENGTHENING OF ADMINISTRATION

*(Statement on "Administrative Procedure" laid before
Parliament by the Prime Minister on August 10, 1961.)*

MEASURES for improvement of administration are continuously under consideration. A review of the existing position was recently made particularly in connection with the formulation of the Third Five Year Plan.

The vigorous and punctual implementation of the Plan today forms the core of administrative activity.

The review of machinery of Government has, therefore, taken into consideration the difficulties of the Second Plan and the projected needs of the Third Five Year Plan.

2. The following principal objectives have been kept in view in taking decisions on measures necessary for administrative improvement :

- (i) Individuals and organisations should be judged strictly by the test of results. For this purpose, they should be given a clear statement of tasks, means, obligations, time sequence of operations and the assumptions on which they are based. Attempt should be made to build reasonable challenge into each job and individuals and organisations should be given the necessary trust, responsibility and powers to achieve the results expected of them.
- (ii) The present system of financial control should be re-organised. Itemised examination of financial proposals should be confined only to vital matters. Financial responsibility should be devolved, in liberal measure, on the administrative ministries and by them, in turn, on the implementing authorities. The control of the Ministry of Finance should be exercised through pre-budget scrutiny and by adequate reporting, random checks and work studies in such fields as may be considered necessary.
- (iii) The responsibility of the Head of Department and the executive authority concerned with the implementation of programmes and policies will be substantially increased. This will be done both by giving additional powers and

by the requirement that certain activities such as corruption and public relations should be dealt with on a more planned basis than before. The consideration of individual complaints as at present in these spheres will be supplemented by the drawing up of a programme of work at the beginning of the year by each Head of Department. This programme will be scrutinised by the Secretaries of the Ministries and progressed by them adequately.

- (iv) The managerial skills of the public servants will be increased through a sustained programme of executive development by training and counselling. Powers will also be taken by Government for weeding out officials who are ineffective and against whom suspicion exists amounting to moral conviction.
- (v) Simplification of procedures and work will be vigorously pursued by introducing work studies, by competently trained personnel, in all spheres of administration.
- (vi) Relations with the public will receive special attention. A series of programmes will be initiated for inculcating courtesy and consideration and for changing the attitude of authority complex towards those who approach public offices for various purposes. Better arrangements will be made for dissemination of information to the public. It is also proposed to fix and publicise time limits for dealing with applications and requests made to Government offices by the public.

3. A number of concrete proposals have been worked out to give effect to these broad objectives. The important among them are mentioned below :

- (1) Ministries need not conform to a standard pattern of organisation. They will be free to vary it, within broad limits, in order to introduce speed and quality of work suited to their circumstances.
- (2) Ministries should only concern themselves with matters of policy, general supervision and enforcement of standards. Executive agencies should consequently be made stronger and given greater responsibility.
- (3) Responsibility for financial management should be devolved in greater measure than before both on the Ministries and the executive agencies. The scheme now approved, which is about to be tried in the Ministries of Commerce and

Industry, Information and Broadcasting and Community Development and Co-operation and the Department of Food includes : (a) formulation of a programme for intensive pre-budget scrutiny between the Ministry of Finance and administrative Ministry necessitating the preparation of budget estimates earlier than usual in cases in which actuals of the last year are not an important consideration, (b) further liberalisation of financial powers to the Ministries in order to avoid references to Finance Ministry in the post-budget period except on vital matters, and (c) the exercise of control of important financial aspects by the Finance Ministry through an adequate reporting system and test checks. The Ministry of Finance is also simultaneously taking measures to strengthen its machinery for scrutiny of project estimates and their financial review. The details of the scheme are now being worked out. If it proves successful in the four Ministries selected, it will be introduced as a general system of financial management in other Ministries.

- (4) Control of the Ministry of Home Affairs on staff up to and including Section Officers should be transferred to the Ministries concerned. This will enable this staff being given training specially related to the Ministry in which they are employed and will also be conducive to better personnel management.
- (5) Officials in key posts will be kept in their jobs for at least five years to enable them to produce the results expected of them. If there is any loss of prospects by their being kept in a particular post in the public interest, the loss should be adequately protected against.
- (6) Resort to committees, groups, conferences, etc., should be reduced drastically. Full responsibility should be given to agencies and to individuals and, with it, the necessary measure of support and trust.
- (7) Arrangements for technical preparation of projects and scheduling of work relating to them require to be strengthened, particularly as information relating to a large proportion of projects included in the Third Plan is still unsatisfactory. The concrete suggestion is that planning for the Fourth Plan should be started almost immediately and a comprehensive time-table may be worked out for completing studies for the Fourth Plan projects during the next three years.

- (8) The procedures relating to recruitment to scientific and technical posts will be studied by the Ministry of Home Affairs to introduce greater speed than hitherto in making such personnel available.
- (9) Continuous studies will be made with a view to simplification and improvement by the O & M Division and internal work study cells of Ministries of such procedures, identified by Secretaries of Ministries, as involve delay in decision-making and implementation.
- (10) Follow up will be the responsibility of the normal line of supervision but agencies such as the Committee on Plan Projects and the Programme Evaluation Organisation will continue their work of administrative research and evaluation.
- (11) It is proposed to appoint a small committee in each Ministry to locate officials who are ineffective or against whom suspicions exist regarding their integrity amounting to moral conviction. Measures will be taken to develop the ineffective persons by necessary counselling and training. In case persons are not capable of improvement and are in the age group of 45 to 50, they will be retired either on completion of 25 years of service or at the age of 50 years whichever is earlier. The retirement rules will be amended suitably. Persons lacking in integrity will be dealt with separately.
- (12) Work study will be introduced as a compulsory subject in the initial training curricula of all established services. Courses in work study for in-service personnel will also be expanded.
- (13) Training in supervisory techniques will be stepped up for all types of personnel in service.
- (14) Incentive schemes, based on systematically worked out standards, will be tried. Encouragement, through appropriate incentives, should also be given for achievement of specific objectives such as reduction in the costs of projects, reduction in the foreign exchange complement of projects, speeding up of the implementation of projects, etc.
- (15) Management of projects is a new and important part of administrative practice. Its special features are definite targets and schedules, costing, need for initiative and resourcefulness in execution and emphasis on technical efficiency and innovation. These demand adequate pre-planning

and accurate estimating. Arrangements for technical preparation of projects and scheduling of work will be strengthened. Reporting from projects will be simplified and made more purposeful.

- (16) Training arrangements will be undertaken to develop individual and group responsibility. Several measures are being devised under the following broad heads :
 - (a) techniques for fostering initiative, ability to programme and responsibility of individual officers (*e.g.*, encouragement to officers to work out their own programme of work and to suggest criteria for judging their performance);
 - (b) increase in capacity for improvement in performance (*e.g.*, by sampling activities to improve time distribution on various types of jobs, by organising case studies and decision-making training).
- (17) Heads of Departments should be made responsible for maintaining and improving relations with the public. They should prescribe, having regard to the limitations of staff and the nature of cases, time limits for disposal of letters, applications and petitions as far as practicable and should advertise them to the public. Endeavour should be made to adhere to them in all except cases requiring a greater degree of scrutiny than in normal circumstances.
- (18) Each Head of Department should also draw up an annual confidential programme in advance indicating the types of corruption prevalent, the types of personnel involved and the measures he proposes to take to improve the situation. This programme should be forwarded to the Secretary of the Ministry concerned. Simultaneously the Special Police Establishment of the Ministry of Home Affairs should also send confidentially to the Secretary its own appreciation regarding corrupt practices in the charge of each Head of Department. The Secretary should, after a consideration of both the documents, approve of the final programme and indicate it to the Head of Department. He should also progress periodically the implementation of this programme.
- (19) Similarly an annual programme should be drawn up by each Head of Department indicating the outstanding problems of public relations and the measures to be taken to

improve them. This programme should also be progressed periodically by the Secretary of the Ministry concerned.

- (20) Where necessary, information counters should be established and they should be placed in charge of responsible officials who should be specially trained to cater to the needs of the public.
- (21) National expressions for courtesy may be devised and opportunity should be taken of important national celebrations to emphasise the service aspect of public administration.

4. The administration of public enterprises is an intricate subject. The Report of the Krishna Menon Committee is separately under consideration affecting various organisational and management aspects of their working. Special features of their working insofar as they relate to their internal organisation and relationships were considered as a part of the general problem of strengthening administration. The decisions indicated above will be equally applicable to them; the details will be worked out according to the circumstances of each organisation concerned. The following additional decisions have been taken on improving the administrative functioning of the public enterprises :


- (a) The Ministries concerned should have strong technical planning cells charged with responsibility for study of the broader technical and economic aspects of projects, defining stages of execution and ensuring co-ordination of all related measures.
- (b) Within major state undertakings design and research units should be established and primary responsibility for preparing new projects placed on them.
- (c) All major projects should have units for evaluation, review of progress, reduction of costs, raising productivity and checking of performance. These units should function under the control of top management authorities and without interfering in the direct line of supervision, but independently of day-to-day operations.
- (d) The Ministry of Finance should strengthen their 'project co-ordination cell' so that it can (i) undertake thorough scrutiny of cost estimates and of the broader economic aspects of projects, and (ii) accept responsibility for presenting an annual report on financial and economic aspects of the Central Government's industrial undertakings as a whole.

- (e) In view of the short time available for the formulation of the plans particularly in relation to industrial projects, the Ministries concerned are being directed to complete studies of the projects likely to be included in the Fourth Plan in the next three years.

5. The Planning Commission has, after a study of the references made to it by the Central Ministries and State Governments, decided to simplify the procedures for consultation with it. Variations in cost estimates up to 10% or Rs. one crore, whichever is less, will not be reported to the Planning Commission. Discussions regarding annual plans will be confined only to the more important projects and programmes. Procedures for Central assistance have already been considerably simplified. The list of Centrally-sponsored schemes has been drastically reduced as also the list of schemes in the plans of States for which assistance may have to be given according to certain prescribed patterns. These patterns are also being simplified. As regards progress reports on projects and programmes in the States, it is proposed that these should be received only at a single point within the Government of India, namely, the Ministry concerned, but the forms should be drawn up in consultation with the Planning Commission. The same principles will apply, *mutatis mutandis*, to schemes implemented by Central Ministries.

6. In spite of the effort to make the decisions taken on administrative improvements as detailed and comprehensive as possible, the above still remains a statement of general principles. A great deal of work is required to be done to give them concrete shape. It is a continuing task and cannot evidently be detailed at a point of time in a statement of this nature. A Committee on Administration has been established at the Centre headed by the Cabinet Secretary. It will be its special function to progress the implementation of these decisions and to report periodically to the Cabinet.

The steps outlined above are being brought to the notice of the State Governments. The Government of India will be glad to give such assistance to them as may be possible in implementing them.



DECENTRALISED DEMOCRACY : THEORY AND PRACTICE*

Jayaprakash Narayan

WE, people of this country, can justifiably congratulate ourselves upon the fact that we have deliberately chosen the way of democracy. We see what is happening all around us, and therefore it would not be wrong if we prided ourselves upon this achievement. We have given to ourselves, the people of India, a democratic constitution and we have chosen with our eyes open the democratic way of life. But I fear that many of us are apt to be satisfied more with the outward shell of democracy and lose sight of the substance of it. We have borrowed certain institutions and certain processes of democracy from the democratic countries of the West, and we are apt to feel that we have done our duty and that there is nothing further to do except to make these institutions work as well as possible. But even in the West, where the existing forms of democracy have gone through a long period of refinement and development, the people feel that the institutions and the processes that exist need reformation, sometimes radical reformation, and there are movements pressing for the particular kinds of reforms. But here, I find there is an aptitude amongst us—rather ‘aptitude’ is not the proper word—an inclination amongst us to look upon what we have taken from the West as more or less the last word, which I think is a very dangerous state of mind.

Democracy, all of you would agree, is a value; and it is the essence of all democratic institutions and practical processes involved to preserve the value of democracy and to make it possible for it to grow. As far as I am concerned, democracy means to me more than anything else self-government. I am not speaking of the value so much, but when you put it into practice, when you practise democracy, it must mean self-government of the people. Now we have certain representative institutions and certain methods today by which people can choose their representatives and we have a system of democracy in which representative government is established in which government by the consent of the people is or can be carried on. While I confess that a Government by the consent of the people or by the representatives of the people is a great advance over all undemocratic forms of Government, I do not think that is an adequate form of democracy, an adequate framework of democracy with which the people which are conscious, which are aware of their own responsibilities should be satisfied.

* Text of the public lecture delivered at the Institute on July 26, 1961.

It is possible that the people might take the view that just as we have management of industry or business which happens to be a very complicated kind of activity for which you need specially trained people, so is Government a very complicated affair and it is good to leave the business of government in the hands of a few chosen people. But it is very doubtful whether the present system of democratic government in any democratic country of the world, really succeeds in the selection of specially trained persons. I am not talking of the civil service, but those who really constitute the Government. Their selection depends on many other factors than the factor of competence to govern or their having received a special training as a manager receives it. In the first place, Government might be a complicated affair and might require special training. It does happen that in the extant folds of democracy, the processes are not such that you have the end result of the type that you wish to have.

Secondly, I think a people which thinks like that, after all government being a question of special training, it is not for all of us to be concerned with it. It is enough for us if somebody whom we have chosen does the work for us, manages the work for us. I should think that that would not be the democratic way of thinking. To me it appears that the democratic way of thinking would be for the people to say that in order to practise democracy, they must practise government as far as possible themselves. It appears to me that a representative Government or a Government by consent, as I said earlier, is an inadequate definition or practice of democracy. I would like to go beyond that and press for a form of democracy in which there was more participation, or as much participation by the people as possible, in the business of government. Now it is possible to visualise an ideal society in which the human individual has evolved morally and spiritually to such a high level that there is no need for a Government. All idealists and Utopians, including Karl Marx and Mahatma Gandhi, have visualised a certain ideal state of society, as have also others whom I have not named. I think it has been a secret ambition of the human individual to be free from constraint of any kind from outside, free from all kinds of coercion from above, or from without. You can see it if we see it in the child, and we see it in the adult and the grown individual, but it is also obvious that because man is a social animal and has to live with others it is most impossible for him to be without social restraints. But as our moral preceptors say, if the individual has attained those heights of internal growth, that he is always mindful more of the rights and welfare and well-being of his neighbours, of others than of himself; if there are such individuals, and if society were to be made of such individuals, then a stateless

society would come into existence. It would not come into existence as a result of any kind of social or economic transformation, transformation in the institution by a nationalisation or collectivisation, those things have, as history has shown, led to more constraint on the individual than less constraint. It is the moral growth of the individual which leads to widening of the spheres of democracy. But I think, limited as all of us are, while there may be a few ideal human beings in society, most of us are going to fall far short of the ideal and some sort of coercion from some institutions in society would be necessary, and necessary perhaps for all times. Even Gandhiji, who always put forward the ideal of a stateless society, was quick to add that he thought that such a state would never be reached, and he was wont to quote the example of the Euclid definition of a line which is supposed to have only length and no breadth, and he used to say that just as no such line has been drawn in practice by anyone which has no breadth, but yet the definition of line, as given by Euclid was the basis of mathematics, or one of the bases of it, in the same manner the ideal must be there. Every democrat must work for the end that the functions and powers and jurisdiction of Government are reduced to the minimum so that there is as much of self-government as possible, self-government in the individual sense and as little of government from outside the individual as possible.

II

I believe that democracy of any kind, of the most elementary kind, is not possible without some sort of self-discipline, and the more self-discipline there is the higher will democracy rise. Otherwise, the functions and powers of the State will go on increasing. It would mean denial of democracy, even though those powers might lie in the hands of elected representatives of the people. Now since the self-governing individual and a society made up of self-governing and self-disciplined individuals is an ideal, some sort of Government would be bound to exist. Therefore to follow this line of argument, the next proposition that becomes almost inevitable to be accepted would be something like this : that in a truly democratic society, or in a society which is more democratic from other societies which also may be democratic but less, Government should be as near the people as possible. The more removed in distance the Government is from the people, the less democratic it is likely to be. Unitary Government in India would be less democratic than a Federal Government in India. A Communal Government in India—I am not using the word 'communal' in the sense in which we always use it : the vulgarisation of this beautiful word 'community' that has happened in this country is deplorable,

but in the sense of community, panchayati, let us say, which is common now. Panchayati Government in India would be more democratic than the present federal structure that we have. The more you take Government from Delhi, down below, as near to the people as possible, the more democracy you have, because the more people have a chance to participate in the management of their affairs, in the conduct of their affairs.

In the mass society of the West which has resulted from this undesirable form of industrialisation, as a result of which you have in the United States this idea of the megalopolio—New York to Washington, allotting a large area around it, Chicago, and in course of time, perhaps, the whole country; in course of time the whole of England becoming one continuous conglomeration or agglomeration of individuals—now this, I think is an unnatural mode of existence for human beings. As human society has existed, as it exists in our own country, we have the individual and then we have the family, and then we have a federation of families, which we might call the primary community, urban or rural. New Delhi or Old Delhi is not a primary community, but you may have a small township which does still retain the flavour of community, the character of community, though much of it has been wasted even in the rural community, that is, in the villages of our country. But that more or less has been the mode everywhere, and personally I think that it is by living in the family and by living in the small primary community that man can attain a really human life, a really social life in the sense that there is an integral kind of relationship between the individuals constituting the community, the whole individual meeting the other whole individuals, not the fragmented individuals that you have in these large conglomerations with large cities like London or Tokyo or New York. There man does not meet man really. Life as a whole does not come in contact with life as a whole. A worker meets a worker, a sportsman meets a sportsman, or a club member meets a club member. But in that real community it is the family, the individual as producer, as consumer, as players, as, let us say, quarrellers—they can quarrel amongst themselves also—and all this : and the whole of life is lived together, and it is in this living together that you have the essence of human life or human society, living together. In the cities, even neighbours are more or less strangers; sometimes full of strangers. There isn't that bond that should exist between human beings, and as a result of the absence of these bonds you have a way of life developed which is highly individualistic, which has its values, of course, but it has its evils also, and perhaps in this case the faults overweigh the virtues. However, that may be a controversial subject.

It is often said that the individual in the community is limited. Well, he may be limited if the need is to be an extraordinary individual: if he is to be a great artist. The community, the primary community or a federation of primary communities may not give him enough scope for the expression of his individuality because he is an exceptional individual. But I think that such exceptional individuals can always make the whole world perhaps their home, and even if human society is made up of communities, bar these exceptional individuals, the limitation of these communities will not be a barrier. But for the ordinary individuals, I am sure that life in the community can be much more satisfying. All the human values have grown out of the family or the small community. I need not elaborate upon this. However, the fact is that in our own country we have 555,000 rural communities and we have a few small urban communities and then few large towns and cities. 82.3 per cent of our people are still in these rural communities.

Now, if we have to take Government to the people, what does it mean? Taking Government to the megalopolis will be—I won't say impossible, but it would be rather difficult. I think the mechanics of it could be worked out there also. But in this situation, which, I think, is not a bad situation, it is a situation which is near the ideal, and it can be converted or developed into the ideal condition of social organization. Today of course, the village communities and others do not have enough community spirit and that is a problem. But the cause of that is not the primary community. The cause of that is the ocean around the primary community and the invasion by values which are foreign to the community, that have resulted in all this. Now if this process of taking Government to the people is recarried to its logical conclusion, then the principle, on the basis of which decentralisation can be achieved—that is, Government can be taken to the people—that is, the principle or the method by which the people could be enabled to participate more than they are doing at present. Cent per cent participation is not always possible in all communities and in every field of activity—but possible to the extent in which it can be made to be possible, the principle on which this decentralisation should take place is a very simple principle which Gandhiji had formulated; that is at each level—now what are these levels? He called them concentric circles with the individual in the centre and then the family around the individual, and then the primary community around the family, and a federation of primary communities around the primary community, around the village, around the township. It may be a taluk, it may be a tehsil, it may be a block. I hate this word block but somehow it has come into existence. It is an entirely foreign word. It means nothing to us—not that all foreign words are meaningless—but this “block”

certainly is meaningless. Or, it may be called by some other name—sircars or something else, and then a combination or a federation of tehsils, taluks or sircars into a district, and then a federation of districts into a State (this word State also has been misapplied to the Indian situation); then, a federation of the States into the whole nation; and if Government has to be taken down, this description that I have put before you would answer more or less the objective situation.

The sending down of Government from above to the people would mean that Government would go right up to the individual in the village, and the family, and the village, and the tehsil and the district and so on; and the distribution of powers as I was saying, the principle on which decentralisation should take place was, as stated by Gandhiji in very simple terms: he said in each one of these circles, at each one of these levels, whichever way you look at it—if you look at it as a pyramid, well, you call it level—at each one of these levels, the people on those levels should have all the power necessary to do whatever they are competent to do. Competency would not only depend upon education, training, experience, etc. That would be a changing competency. They may be less competent to manage, let us say, education. Today and 5 years later, they might be 10 times more competent to manage it, but there is a limitation to competency by the size, by the scale itself. A primary community, for instance, urban or rural, might conceivably run a primary school, might even conceivably be able to run its own middle standard school, but I do not think a normal village community would be able to manage a high school for itself. A high school has to be run by a federation of primary communities. The block or the tehsil should do it. A tehsil cannot run a college but a district can run it; a district cannot run even a university, but a State can run a university : and likewise you can think of every other field of activity. The scale, the resources, the number of the people, the population, all these things would, more or less, lay down definitely what could those people do. Of course technology might help to increase competency there and other things, but nonetheless the size will be an irremovable limitation. Now that limitation should be the principle on which there should be decentralisation.

III

Turning to the practice of it in our country, you are all acquainted with the Panchayati Raj system which was born on 2nd October, 1959 in Rajasthan and has made great progress in the last couple of years, and it is said that by the middle or end of next year

Panchayati Raj would cover the whole country. As you know that there are—this being a State subject—different legislations enacted and there are different States and there are different kinds of powers handed over and resources and so on and so forth. But I think there is an underlying current in all this legislation so that decentralisation is concerned more with the implementation of development programmes rather than with the creation of fully democratic decentralised democratic communities. And I think this is natural. This is natural because Panchayati Raj was born out of the experiences of the community development programme when it was found that the expected public co-operation was somehow not forthcoming. As you know, a study team was appointed under Balvantray G. Mehta, which made that report, as a result of which this great step, I think, was taken, which was described by the Prime Minister as a political revolution. I have not the least doubt that this does imply a political revolution. Whether it will actually result in a political revolution is yet to be seen. This is the handle on which you test the metal of Panchayati Raj; whether you are concerned merely with evoking the participation of the people in the programme of development or whether you are concerned basically in making the people self-governing—in giving self-government to the people. I have looked into the powers and functions that have been handed over to the gram panchayats, as the lowest ground level tier and then the next level, the panchayat samiti or the block committee or the block council, and to the district council or the zilla parishad.

First of all, there seems to me to be confusion about what powers are to be given to which of these three tiers. In some States it is said that the panchayat samiti, that is, the block council, should be made the unit of development, planning, and therefore it should be given the utmost possible importance, and the zilla parishad should be a co-ordinating body and within limits a kind of a supervisor : it might have some supervisory or advisory functions. In some States like Maharashtra, at least the newspaper report says so, the zilla parishad is being made all-important on the ground that both the village and the block are too small for the purposes of planned economic development. As I said, there is a confusion here. The question is not what powers should be given to whom. The principle, as I enunciated before you, is so simple that there should be no difficulty in applying it. None of these tiers is one above the other. It is not as if the block council is above the village council or the district council is above the block council, or the State Government is above all these three, and the Central Government is above all of them. There are certain activities, there are certain functions, there are certain powers, which in their very

nature have to be performed by one or the other of these, should be performed by one or the other of these, and in those fields there should be no interference from above. For instance, management of external affairs, conduct of external affairs, must by its very nature be the function of the Central Government. If the external affairs are not entrusted to the State Government that does not mean that the State Government is under the Central Government. There is no question of "under". It is only a distribution of functions and powers according to a rational system, a natural system, every State cannot have its own army. Then it will not be a defence army, it will be something else. The army must be a central responsibility. If the Centre has Defence in its hands, it does not make it more important than the State, or more powerful. It is a function which is the function of the Centre.

There must be industries, particularly in our present conditions today, with the shortage of capital, technical personnel, with the land-man ratio, with the rate of population growth that we have in our own country—this is all mathematical language, but I am sure you all understand. Each one of these has its own implications. With all these implications before us, it is quite conceivable that we should have some industries which may really, truly, be cottage industries. That is, they could be run in the cottage of an individual family in the village. Now there is no need for such cottage industries to be in the province of the State or in the province of the Centre or in the province of the district. Province means jurisdiction. There may be some industries, on the other hand, which might be of a scale which may be a village scale industry. There would be very few such industries, I agree; but there may be some. There may be other industries, which might be of a scale that they could easily be block industries. The organisation, the production, the marketing, the raw materials, all that, could be available within the block and could be managed by the block committee, either communally, that is, the block council might run its own industry as the Indian State runs it, or there may be co-operative societies for production, marketing etc. Other industries there may be, which it would be impossible for a block to manage. They are of the size suited only to the district. And in my way of thinking, oh! for several years to come, I should say that 80 per cent of our industries should be within the district, block and town levels; 20 per cent in the State and the nation as a whole. A steel factory, for instance, I think, is beyond the resources of even a State Government today. Later on it may not be. I mean the States might become more prosperous. But just now, it is impossible for a State to invest two hundred crores in a steel mill. That is a national industry. There should be co-ordination and that should be the basis on which powers should be distributed.

In practice, there is another problem that is coming up. Powers are being given and it is being said that self-governing institutions are being created at three levels within certain spheres. But when you come to look at the resources that are being placed at their disposal, you find that they are entirely dependent on the higher spheres, for instance, the State Government. Now, these institutions must have their resources themselves, at least to run their administration—not for development—for development activities, even the national State has to borrow from outside. So the village also will need assistance for development from outside. But for its own village management, to run its government, the village panchayat, it should have its resources, and so should have the block, and so should have the district. But, now, when the question is raised, what we are told is that, well, the village and the block and the district, they are all going to be given lakhs and lakhs of rupees and why are you people shouting about the resources to be reserved for them? The answer is, suppose, in this present structure that we have, all the revenues were paid by the people to the Central Government, all the revenues were Central revenues, and all the revenues were collected here, all taxes, everything; and the Central Government then distributed whatever share it thought proper in consultation with the State the share of that State, would the States be able to practise even this little limited autonomy that they have today that the Constitution gives them today? They would not. There would be a howl from all sides, and so you have a State resources placed at their disposal. These taxes are State taxes. These are Central. Of course, the Centre shares : that is true. But the fact that the States have command over their own resources, gives them a certain autonomy.

What about the village? Does the same principle not apply to the village? I am happy that some States like Gujarat, for instance, have decided to leave the entire land revenue in the hands of the three institutions of Panchayati Raj, subject to what they call an equalization fund, into which we need not go, but which, I think, is very sound to have this equalization fund to help the poorer sections of the area through the villages, through the blocks, etc. cent per cent of the land revenue will be left to these institutions to be divided between the three tiers.

During the British rule, and all of us remember yet what used to happen then, Government meant law and order and revenue. That was what more or less the people understood by Government. There were revenue officers, revenue was collected and there was the Police. The Magistrate and the Police, these two, represented Government. Now, in all this decentralisation, the administration of revenue, the administration of law and order is not being handed down. There is

not enough trust in the capacity of the people to look after these things. We often compare our Constitution with western constitutions of western democracies, but if we examine a little closely the amount or the degree of centralisation that we have, it is unimaginable. If you go into the field of administration with which I am not so well acquainted, but I will speak a little about that also, so that this Institute might give a little thought to it, but I would like to emphasize this, that in powers also, the powers which are necessary for the purposes of development, the functions which are related to the needs of development, are being handed down. But what is known to, what is meant to the people by government, those powers and those functions are not being given to them. The *Karamchari*, that is the lowest revenue officer, still has more power over the lives of the people than the *Mukhia* or *Sarpanch* or the *Pradhan* or *Pramukh*; and likewise with the constable, the head constable, the sub-Assistant Inspector of Police. In my State, Bihar, there has been developed a Gram Raksha Dal. I feel that this is the nucleus of a people's police force. But even though the Gram Raksha Dal is there, the law and order is entirely in the hands of the State, and the petty official of the State Government rules the roost.

IV

Regarding this administrative set-up that we have, there have been so many committees appointed here and elsewhere for the reform of the administrative system so that, among other things, there may be less delay, but as time passes, and as we become more and more democratic, the delays go on increasing, and I am afraid that these delays will kill democracy. Now there is decentralisation and these three tiers are going to be created. Now supposing in the block a certain irrigation work has to be built, constructed, and supposing it costs Rs. 25,000 and supposing the law says that the panchayat samiti has no authority to sanction an expenditure above, let us say, Rs. 10,000 or Rs. 15,000. Then what will happen to these works? The panchayat samiti has made a plan which has come up from the village plan and it has done all the preliminaries. Now, for the sanction of this it has to go to the State Government, and then the State Government will take a decision, and then some Department will sit over that decision and check it up. The departments are given their allotments even then, after the Department has taken a decision that so much has to be spent for a certain project, it must go to Finance and Finance will sit over it, I do not know for how long. Then, there will be some question. And then, the question will be answered, then the file will go back and forth and then maybe the Chief Minister has to decide or the Cabinet

has to decide. After a decision is taken, then somebody else will implement it, another department concerned, because it has not got the machinery to do it. If a road is to be built, or a hospital, then it must go to the Public Works Department, which has its own machinery, perhaps the slowest of all machineries that we have. I went the other day to Bodh Gaya. The B.D.O. came to see me and the doctor. We were discussing the medical services that a block provides for the people. The base hospital at the block headquarters is supposed to be a hospital with six beds for indoor patients. The doctor said that in 1958, six beds were sanctioned for the Bodh Gaya hospital and till July 1961, nothing had been done. And this is a block, this is not the usual departmental sort of administration. Now, that block will soon become a panchayat samiti. What will happen then? If this whole administration were not to be decentralised then the fact that there is the gram panchayat, the panchayat samiti and the zilla parishad will create more delay, and the people will suffer more. What will they do with that power? So this has to be closely examined and gone into.

Since I am on this subject, though it is not intimately connected with decentralisation, I like to say that in my own experience as a social worker and the experience of my fellow-workers, and also as a result of my talks with senior administrative officers of the district levels, and even at the secretariat levels, I have found that the administration really is in the hands of Babus, and there is a 'Babu-dom' in existence. The man who receives two thousand rupees in salary, a file is put up before him on which a clerk, getting maybe Rs. 150/- or Rs. 200/-, has put down the first note. This man is likely to be, I am not saying all of them are, but is likely to be somewhat small-minded and he is more interested in seeing that things are according to rules and so on and so forth, and he is also liable to unhealthy influences. Those influences are, whether it is bribery, whether it is caste, or whether it is something else, or some kind of influence, expressed in his note. This, of course, is not relevant to decentralisation, but it is relevant to this whole problem of delay of which I spoke.

On the practical side of this question, there is the question of the civil service, of the control over civil servants who would be working under these or with these democratic institutions. This is an aspect of the question which has received the least attention so far, even less than the question of resources. I was just invited by the Select Committee of the Bihar Assembly which is dealing with the Bill on the Panchayati Raj set-up. There is no mention at all of this. As far as resources are concerned, there is hardly any mention of that either. Now what happens when you give them a civil personnel, an administrative personnel, and they have absolutely no control over that

personnel: the control is in the hands of the State Government? There is likely to be a clash of wills of individuals; there is likely to be rivalry; there is likely to be indiscipline, irresponsibility and so on and so forth. Well, in Rajasthan the Act has given the Pradhan, that is, the Head, or the President of the block council, the power to send confidential reports to the Minister concerned about the Block Development Officer. In Bihar, when this suggestion was made, it was very stoutly opposed on the ground that the B.D.O. then would be entirely at the mercy of the Pradhan, who in Bihar is going to be called the Pramukh—the block council Chairman. Well, what is the concept then? What is the power of government that is being given to these levels?

I visited a commune in Yugoslavia. The whole committee had been called to meet us. I asked them : who appointed the agronomists whom they had. I think there were three of them. They said : “We appointed, the village committee, the commune committee, the people’s committee : We did it.” And they brought out the newspapers and they said : “Now, look at today’s newspapers. There are so many advertisements put in by different village committees for so many trained persons; applications will come, some will be called for interview and it will be for us to choose..” And I said : “Who will distribute them?” They said: “We. It is entirely in our hands. There are certain trade union limitations. We have to bear those in mind because we are a socialist country. But we have the authority to do that.” Of course, authority does not mean to act whimsically. Now this will be something unheard of here! Rajasthan has taken some steps, and I think there is some proposal to establish a kind of a district public service commission for recruitment as well as for control of the civil servants in the district, in which commission the institutions of decentralised democracy would also be represented. This is an important point.

V

This decentralisation and this system of communal rule, of communal government, government by communities and federation of communities, as you know is going to be brought up only to the district level and beyond the district level we are going to continue with what is called parliamentary democracy. I have thought over this question. I have discussed it with friends. I do not know If I have been able to carry conviction to people. It seems to me that both these systems, these two systems, are unmixable like oil and water because

they are based on two different principles: parliamentary democracy works everywhere in the world and it leads to centralisation—it must be. There may be a federal structure in the United States or as we have in our country, there is the limit to decentralisation that it will allow; and because ours is a vast country, and so is the United States, even this degree of decentralisation does not go very far. Each one of our States would be like several other countries in the world. Parliamentary democracy is based on the individual voter. The individual voter is in the very nature of things unorganized. When the election day comes, the polling day, he swarms around the booth, casts his vote, momentarily some or few of them come together, and then again they disperse all over. That is the beginning and the end of the participation of the individual citizen, the individual voter. They have no manner or means of controlling either the selection of the representatives or the actions of the representatives after their selection. The only control they have is that in the next election if they do not work satisfactorily, conceivably the voters will not elect them again. That is merely theoretical. That is the indirect control that they have. Therefore, the trend is for the centre of gravity in parliamentary democracy to travel upwards. Who controls the representatives? If the representatives were controlled by the people down below, the centre of gravity would be there. If those who stood for an election were to be given their tickets by the people, then also there would be a pull downwards. If the tickets are to be given at Chandigarh, at Bombay, at Delhi for Parliament, even for the Legislative Assembly, when there are quarrels they also run over here, asking for tickets. And this is not true of the Congress Party alone. It is true of every party. It need not be. There may be some methods found; the British Labour Party does have some kind of a method, in which the local constituency has a say. But it is after all a member of a certain party. There is a certain pull downwards, but then it is confined to the members of a particular party, which in the very nature of things, is very very centralised. Every party has its own high command. Everyone talks of the high command of the Congress, but every party has its own high command. And the selection of candidates as well as the conduct of the winning candidate, both these things are in the hands of those few people at the top who form the caucus of the leadership, the controlling machine at the top. In the Panchayati system, in the communal system, those who go to the block panchayat, that is, to the block council, they go there to represent not the “a” mass of voters. They go there representing the gram panchayats, the village council, which is an organized body, which meets; it takes decisions. The conduct of the representative of the village panchayat in the block council is always under review in the village council.

Likewise, the representative who goes above to the zilla parishad, he goes there not again as representing the people as particles of sand, as I call it. These disparate elements—you pick up a handful of sand, one particle has nothing to do with the other, just your fist or hand has brought them together. You open your hands, every particle spreads all over the ground. It is not an organic entity. But the village panchayat is, and the panchayat samiti, that is the block council is a representative of the block council in the district. Their representative is not free to act as he likes. He represents his block, and not only the 60,000 people of his block, this abstract concept of the people; he represents the *organised* people there, that is, the block council, and he is answerable to them. He will go to his block council. He will be asked how he has functioned. So there are controls below.

Parliamentary Democracy and Panchayati Raj, these are two unmixable elements, or theories or procedures, and one will dominate the other, if not destroy, probably not, but destroy in essence and dominate generally. The stronger will dominate the weaker. In the nature of things the Central Government and the State Governments are stronger because they have got resources; and in this period of development the institutions lower down will be dependent upon them for their development—agricultural, industrial, educational, health—everything. They would depend upon their aid, and therefore these higher institutions will dominate over them; which means Parliamentary Democracy will dominate over panchayat democracy. It will not have a real chance. Therefore, I am saying that this principle should be extended upwards to the State and to Delhi, and the Lok Sabha should be linked up with the gram sabha, not only with the village panchayat which is an elected body, constituted maybe of 10 or 9 or 11 persons, but the gram sabha, all the adult members of the village community. The Lok Sabha should be linked with it. That means every citizen is brought into the picture, but he is brought into the picture not as an inorganic particle of sand but as an organic cell of a living, shall I say, organism of a living body—the village community. The village community elects, the village community selects, the village community speaks, not every individual voter.

The unmixability of Panchayati Raj and Parliamentary Democracy—of course, this is not like an element of unmixability as between virtue and vice—I would like to put in this way, in this sort of very concentrated language: The system that rests on individual voters has invariably a tendency towards concentration of power at the top. The other system, the panchayat system or the communal system, tends towards dispersal of power. In the former, organised parties that are run from above by small and powerful elite, play the decisive role. In the latter,

communities, and communal representative bodies working from below exert a decisive influence. In the former again, the representatives elected by the unorganised voters are not and cannot be under their control in the parliamentary system. In the latter, the electing bodies exercise a continuous influence over the representatives they send to the higher levels in the manner I have just described. In the former system, the people's participation is limited to casting of votes; in the latter there is direct participation of the whole people through the gram sabha and fairly close participation through the higher representative body; in the former system, elections are expensive, in the latter just the opposite; the former requires a vast media of propaganda and involves unhealthy psychological and emotional excitement; in the latter these evils are reduced to the minimum which I think in the conditions of our country is a very very important factor; in the former most voters are more unlikely to understand the issues which are placed before them than in the latter in which the voters at each level are expected to be well acquainted with the problems that they have to deal with.

VI

Friends, these are the few observations that I thought I would place before you in my talk. Related to them is the question of economic decentralisation. I briefly referred to it when I spoke of industries and the scale of industries. It is my feeling and I think it is also the feeling of Mr. S.K. Dey—I do not know how the Prime Minister feels about it or the Government of India—but it is my strong feeling that this experiment in Panchayati Raj, limited as it is, by the existence of these two other bodies, which represent a different system, the success of these Panchayati Raj institutions would be very severely limited, if alongside there did not take place economic decentralisation also.

This is an idea which is not acceptable to the modern educated person. He might swallow, he might accept the idea of political decentralisation, but economic decentralisation immediately appears to the educated person to be reactionary, because he says this is the age of science and technology. I, on the other hand, believed that just because it is the age of science and technology, decentralisation is easier today without sacrificing efficiency than it was 50 years ago or 25 years ago, without sacrificing efficiency. No one of us who believes in decentralisation is wedded to any kind of technology, the charkha, the ghanias, etc.! We do not worship material things. We are not materialists by any manner of ways. But the democratic values—

we are talking only of the democratic values : I won't talk of the other values which are involved—would not be preserved, would not be developed unless the whole economic structure also, the economic organisation also were decentralised, and as I have said just now, as long as we were depending on thermal power, centralisation was to some extent inevitable. After the birth of electricity, after the birth of atomic energy, after the development of technology, there is no need why we should be so enslaved to the large machines. Small machines could be made which would be per capita as productive as the large machines. However, that may be a debatable point; but for me it is a point which is full of encouragement because if we accept decentralisation we need not remain poor; the standard of living of the people need not remain depressed. As we have all this thinking and experimentation going on in political decentralisation, we should have also research and experimentation in this small technology.



DEMOCRATIC DECENTRALISATION : A NEW ADMINISTRATIVE CHALLENGE

Douglas Enslinger

DURING the fourteen years of India's independence one of the most important processes that has occurred has been the incorporation of change as a significant part of the country's way of life. When India was on the eve of the First Five Year Plan, there was considerable uncertainty about the ability of the governmental administrative structure to meet the challenge before it, the challenge of putting aside its colonial functions of legal regulation and revenue collection and to assume the responsibilities of developmental administration which were essential for the achievement of the targets of the Plan. There was also uncertainty about the extent to which participation of the people could be expected in Government initiated and directed development programmes.

Now that both the First and Second Plans have been completed, it is appropriate to back off, take stock, and try to assess whether or not such fears have had basis in fact. It is true, of course, that one can and should express the view that more could have been accomplished in all fields of development. But even so, the record is clear that India has chalked up a remarkable record of achievement in the last decade, a record which stands in great contrast to all other new, developing countries.

Much of the credit for these successes must go to the contribution of administrators to the development effort. Not that such a contribution comes as a surprise. To the contrary, one of India's prime assets at the beginning of its development journey was an established administrative bureaucracy, with key positions manned by the highly trained cadre of the Indian Civil Service. And these men, though they had served under British rule, were of such high quality as men and as administrators to respond to the challenge which was put before them.

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It would, however, be a mistake to attribute the achievements of the last fourteen years to the work of administrators alone. There are in fact two elements : the political leaders and the administrators. In the first instance the political leaders have created forward-looking

policies for the nation, and in the second, the administrative bureaucracy has taken up the challenge of formulating the specific programmes to execute the politically formulated policies.

This two-fold co-operation is of utmost importance, and it is paramount that the roles of political leaders and administrators in the development process continue to be carefully thought out. The function of political leaders is, and must continue to be, to express the revolutionary ideas, which, as they become accepted, are the basis of policy and, later, of programmes. The administrative bureaucracy, on the other hand, has as its function the clarification of policy and the formulation of administrative policies and procedures capable of executing desired programmes. For such a process to work, there must be mutual respect between the political leaders who express the policies and the administrative staff who execute them. Without such respect, the intricate interworking is bound to have difficulties.

India has been fortunate in having both political leaders and administrators of intelligence and vision who have made this inter-relationship a successful one. Its principal political leader thought deeply, during the struggle for independence, about the new India which he wished to see emerge. Thus the broad structural design for the new nation was formulated even before Independence, thereby giving its concrete embodiment in the three Five Year Plans a sense of direction within a firm cultural setting. This has meant that all of India's planning has been designed in the first instance to facilitate the development of a significant Indian culture and in the second to assure that economic and social developments were oriented in such a way that they would bring maximum benefit to all.

That all of this has been so has certainly been a significant factor in helping the administrative bureaucracy successfully execute national development programmes. The political leaders put before the administrators two definite points : the starting point and a well-formulated set of new goals. The big task before the administrators was to design steps by which the country could move from the starting line to the places to which the political leaders had indicated the new programmes should take the country.

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Development, however, is by definition a set of continuing challenges, and while congratulating both political leaders and administrators on the successes obtained thus far, it is even more important that we look to the new challenges now facing the development efforts.

It is in this light that I wish to look at democratic decentralisation and the challenge it presents, principally to the administrators but to political leaders as well.

It would be faulty analysis if we tried to view the challenge of democratic decentralisation *in vacuo*. The new programme is closely and vitally related to Community Development, and for us to understand the basis of the present challenge to administration, we must first trace the administrative evolution that has occurred over the last ten years, during the working of the Community Development Programme.

Community Development was not a new idea at Independence. First Tagore and later Gandhi experimented with rural development programmes and expressed the urgent need for national attention to improving the lot of the forgotten men, women, and children who live in India's 558,000 villages. Thus it was neither a surprise nor an accident that the First Five Year Plan gave high priority to a national programme for the development of all phases of village life.

The principal objective of Community Development is to bring about social and economic advancement through the creation of new psychological attitudes. In essence it is a psychological process intended to wean the village people from their reliance on the traditions of the past and to create in them a full acceptance of science and technology in their ways both of living and making a living.

A process so subtle and intricate as this demands a dynamism and willingness to change from the administrative structure responsible for its execution. Indeed, in one sense, the success or lack of it in Community Development has been, and will continue to be, related to the capacity of the administrative bureaucracy to change itself in the face of new demands and thereby give leadership to the development of a process initiated by the ideas of the political leaders.

We thus see that the initiation of Community Development as a national programme confronted the administrative bureaucracy with one of the greatest challenges it will ever have to face. The new programme called for the discarding of traditional ways of administration—of regulatory mentality and the handing down of orders from above. It sought administrators who had faith in the capacity of village people to give the necessary leadership in self-help programmes. It demanded a new kind of co-operation among all technical agencies which had programming responsibilities in rural areas. It required the creation of conditions, by administrators, which would assure that Community Development evolved from a Government

programme with people's participation to a People's programme with government co-operation.

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At this point, it is important that we ask ourselves to what degree has this challenge been met? To what degree has the administrative bureaucracy evolved to meet the new demands of the Community Development Programme?

In many ways it is evident that this evolution has fallen short of expectations and has not shown the flexibility that the programme requires. The very emphasis on democratic decentralisation indicates the need for further steps, and new governmental structures, to introduce greater popular participation in Community Development. It was this point that the Balvantray Mehta report stressed and it is this feeling which has motivated the new legislation for Panchayati Raj.

But at the same time, we must not make the mistake of emphasizing the shortcomings of the administrative structure to the point of not seeing how great an evolution it actually has made. It fact, it seems that far too little credit has been given to the administrators for their changes in attitude and adaptation to new demands. In many ways, the administrative bureaucracy *has* met the challenge before it, and it is within this context that we must view the new challenge of democratic decentralisation.

Let me give several concrete examples. The bureaucracy has succeeded in organizing 3,500 Community Development Blocks and has trained some 60,000 workers for all phases of community development work. Furthermore, after ten years of experience with Community Development, there has emerged a vast body of experience in the use of extension education methods and within the administrative structure there are large numbers of men who are today champions of a programme which places primary responsibility in the hands of the people. And anyone who has worked with the Programme for its entire ten-year lifetime cannot help but be impressed with the way in which administrators at all levels have become more responsive to new ideas coming up to them both from the lower levels of the administrative structure itself and from the people touched by the Programme.

Thus we need not fear that democratic decentralisation is confronting the administrative bureaucracy with a challenge utterly new to it. To the contrary, it is another logical step, different in degree rather than kind, in the continuous process of evolution that has

been taking place with increasing momentum over the last ten years. The administrators have been adequately prepared for the new challenge of democratic decentralisation, and it seems to me that any apprehension about their ability to face it effectively is unfounded.

In fact, I am convinced that the challenge of democratic decentralisation is as much, if not more so, a challenge to the political leaders as it is to the administrators. The greatest single need, at this time, is for clarity of policy and for foresight in formulating legislation which will make it possible for the administrative bureaucracy to have a clearly defined role in the execution of the Programme. It is, after all, the legislation which sets the limits within which the administrator can function, and there is a danger that if these limits are not clearly and properly demarcated, the Programme as a whole will suffer.

I do not, of course, emphasize legislation because I think it alone will not do the job. As a sociologist, I am convinced that the development of motivations and institutions is not a process which can be legislated. But at the same time, I am equally convinced that without the proper legislation the process which Community Development hopes to initiate will not take place. It is the legislation which *enables* the administrators to evolve a programme which will be effective and successful.

In this respect, the most important thing facing the makers of legislation is the need for the proper balance. Democratic decentralisation is intended to be a people's programme, and the legislation must build in assurances that they will be the masters of their own destiny. But at the same time, it must guard against giving the village people so many powers that they will also become masters of the servants of Government. The legislation must assure the village people of their right and duty to give leadership in the formulation of village, block, and district programmes and to come to the fore in suggesting the things which they themselves can do to solve their own problems. Yet it must not deprive the administrative bureaucracy of its carefully defined and important function in the development effort. The pendulum must not swing so far that the government servants lose their proper function as qualified technical and general administrators who can help the people analyze their problems and think through alternate solutions. Thus the legislation will have defeated its own overall purpose if the Gram Sevak loses his multipurpose extension role and becomes, as he is beginning to in certain areas, no more than a combination assistant, errand boy, and peon for the Sarpanch. Similarly, the Block Development Officer must remain the leader of a team of extension specialists and must have carefully

enough defined powers to be able to initiate and carry out suggestions of his own, lest he too become no more than a subordinate of the Samiti president.

Another requirement of the legislation is the assurance that the villagers create their own working groups and exert a maximum of effort before they can be considered eligible for Government grants. The legislation must make clear that Panchayati Raj is not merely a new way of distributing the spoils of Community Development funds. If this is not guarded against, the people will develop attitudes and habits which will place primary emphasis on a Sarpanch who is able to get more than an adequate slice of the pie block development funds. This, of course, would be a disastrous failure, since under democratic decentralisation Community Development must continue to be an ever-increasing process of education, and in this process, the new institutions must play a leading role.

Finally, the legislation must assure that basic village institutions—panchayats, co-operatives, and schools—can develop as truly viable people's institutions. Then, when this has been accomplished, both the political leaders and the administrators must, through educational and extension methods, convince the people of the full potential of these institutions when they have been given the full support of the people. They must demonstrate convincingly to the people that Panchayati Raj is an institutional programme and that through the new institutions, the people themselves can effectively overcome their own problems.

There is one final, and paramount, role which the political leaders can play in meeting the challenge of democratic decentralisation. This again is a question of the proper balance and one which must be tackled not merely through legislation but through the tone set by the political leaders as well. It is, as I have said above, important to emphasize the role of the people and their institutions in Community Development under Panchayati Raj. At the same time, however, it must be emphasized again and again that the village people themselves are only a part of the overall programme. Just as the officials alone have not, and will not be able to, attain the goals of Community Development, so also the village people by themselves will not be able to succeed. The problem at hand requires joint effort and only through joint effort can it be solved. It would be unthinkable, for instance, to assume that such pressing national and local problems as food production, employment, environmental sanitation, housing, and family planning can be solved by either the people or the Government working independently of one another. Such problems

can be solved only when the people provide the leadership and are sufficiently organized within their institutions to take advantage of the technical guidance which can be provided on a systematic basis only through the Government.

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If these, then, are the challenges to the political leaders, what are the challenges to the administrators? In what ways do they have to change their ways of thinking and acting if the new Panchayati Raj ideas are to be successfully implemented?

First and foremost among these challenges is the realization that within democratic decentralisation the administrators must move completely away from the tendency to pass down orders. As I said above, the past ten years have been a time of impressive evolution from this way of thinking; but the time has come for an even more complete break. The administrative bureaucracy can no longer expect to pass down orders from level to level for the formation of programme objectives and the development of plans to achieve these objectives.

With democratic decentralisation the administrative orientation must shift quite completely from making decisions and issuing orders to helping the people make decisions through their panchayats, co-operatives, and samitis. What is needed is what I have elsewhere called the "principle of assistance". Instead of telling panchayats what to do, the administrators and plans of work, in deciding how technical staff will have to assist them—assist them in drawing up decisions are to be implemented, and in determining who is to do what, when, how, and with what help from whom.

In facing this problem, the administrators and technical specialists should remember that they themselves are a resource, and that this technical resource is just as important as the physical and financial resources which they can provide to the villagers. To combine this resource with physical resources and popular initiative in a way that insures maximum effectiveness from the combination is a principal challenge for the administrator.

Another challenge which will face the administrative bureaucracy is the kind of target which it sets for itself. In the future, the effectiveness of the administration must be judged by the extent to which village people accept their responsibilities in developing and maintaining effective village institutions and the way in which the government

officials assist these institutions in solving village problems. Yardsticks based on physical targets—schools built, roads constructed, wells dug—will no longer be sufficient. Nor will it be sufficient to judge by what the staff has persuaded the villagers to do. It is the principle of assistance by which they must be judged what has the staff done to assist the village institutions in formulating and implementing their programmes?

This relates to another challenge facing the administrators—the realization that the significant processes of decision will now be channelled through village institutions and not through individual villagers. The administrators must learn to deal primarily with these bodies as the loci of decision making and through them, with the village people themselves. This, of course, will involve an entirely new administrative approach, aimed at involving these institutions significantly and effectively in the decision making process.

This cannot be too strongly emphasized. Indeed, perhaps the principal challenge facing administration is to realize that Panchayati Raj is a process and that the basic component of the process is the growth of effective and viable institutions. The method of democratic decentralisation is an institutional one, and the development of these institutions is a process which will have to be encouraged and nurtured by judicious and sensitive administrators at every bend of the way. These new institutions face numerous situations with which they have never before been confronted, and without the aid of the administrators, their process of growth is sure to be uncertain and perhaps even unsuccessful.

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If these, then, are the challenges, what must be the response? What must be done, both by the individual administrator and by the makers of the system, to help the administrative bureaucracy successfully confront the new set of challenges before them?

On the individual level, the challenge calls for vision, tolerance, and ability. The administrator must be willing, and able, to recognize the subtle sociological and psychological problems created by the attempt to nourish a process, and he must have both the foresight and the fortitude not to become discouraged if this process seems to develop more slowly than he, as an administrator, would like.

But it would be too much of us to expect the individual administrator, trained and conditioned by his system, to respond on his own, without concomitant changes in the system itself. Indeed, without

certain changes in the overall system of training and placing administrators, it will be difficult, if not impossible, for the challenge to be met.

First, and perhaps foremost, the administrative bureaucracy must accept the full implication of an orientation towards a dynamic process of growth and realize that only an administrator who is emotionally involved with his work will be able to nourish successfully the new Panchayati Raj institutions. But if a man is moved from position to position every three years, what is the likelihood of his developing such an involvement? Very slight, it seems to me, and as a result, I am convinced that one of the most important steps to be taken to meet the challenge of democratic decentralisation is to keep administrators in place for at least five years. At the same time, they should be promoted in place, with salary advances, so that they will welcome this opportunity to remain in a given position, become emotionally involved, and do the best job possible. Unless this becomes a tangible possibility, I do not see how the current shifting pattern of administration will be able successfully to cope with the long-range needs of the Panchayati Raj institutions.

Yet another need is for the administrative bureaucracy to accept fully, emotionally as well as intellectually, the importance of the technician in the administrative structure. Technical positions, in which technical decisions are made, must be held by men with specific and apposite training, and the rest of the administrative structure must rely upon these men for solutions to specific problems. India has had a long tradition of generalist administration, which admirably and wholly met the needs of a pre-development economy, but with the new needs of the country, the technician must be given his proper place in the administrative structure.

This again is related to the process of Panchayati Raj. One of the main intentions of the overall process is to induce villagers to want to rely on science and technology as a means of improving their life and of devolving away from the traditional ways of doing things. But this can be accomplished only if the administrators themselves show, by example, that it is important to call upon the technician and to give him a significant voice in technical questions. If the administrator himself does not rely on the scientific and technological knowledge available to him, there is no reason for the villager to do so.

Faced with the need for these shifts, I suggest that the administrative structure must also take a close look at the training processes now available. This training must be re-examined, and its adequacy

tested again and again. The emphasis, at this time, must be on development administration. More training must be given in the social sciences—sociology, social anthropology, and social psychology—to equip more fully the administrators who now face a problem of nurturing a process and creating workable institutions.

With these challenges and a variety of possible responses before it, the administrative bureaucracy has no choice but to continue to change. It must change in such a way that it will be able to evoke a new responsiveness from the people. In a very real sense, the administrative bureaucracy must accept that now and in the future, its effectiveness under Panchayati Raj will be measured by the responsiveness of the people to accepting the responsibility of solving their own problems. The effectiveness of the administrative structure will be gauged by the manner in which village people develop as responsible and responsive citizens capable of making wise decisions and by the way that village institutions—panchayats, co-operatives, schools, women's organizations, and youth clubs—respond to the problems before them. To create such a response and to make that response effective is the real challenge of democratic decentralisation, the real test now facing the administrator.



SOME ASPECTS OF RELATIONSHIP IN PANCHAYATI RAJ

B. Mehta

IN a democratic set-up of Government, the effectiveness of administration is conditioned by the support of the people that it gets for its programmes and policies. Constitution of representative local institutions, from the village to the district level, is designed to secure, to the maximum extent possible, active and conscious participation of the people in activities of their social and economic improvement—in intensive and co-ordinated development of the area. The responsibility for planning and implementation of programmes of development in such a set-up devolves on the Panchayat Samiti or the Zila Parishad as the case may be. In the former, the Panchayat Samiti works with the Village Panchayats and the Zila Parishad and in the latter Zila Parishad works with the Block Committees and the Village Panchayats. In both the cases, the three institutions function as parts of one connected structure of administration. In one case the Panchayat Samiti will become the unit of planning and in the other case it will be the Zila Parishad.

The local bodies will formulate policies, raise resources and sanction programmes, their implementation will rest with the executive. This change is bound to raise many administrative problems the most important being the problem of relationship. This becomes all the more important when it is realised that devolution of powers at the lower levels in this country is not the direct result of an urge from the people but is born out of the desire to have rapid economic and social development of the rural areas. It would, therefore, be worthwhile to examine the role of the people's representatives, their organisations, the services—both administrative and technical—and voluntary and economic organisations.

II

The need of adjustment in relationship not only administrative but also psychological becomes obvious. A new hierarchy based not on power but on the depth of professional wisdom and richness of experience has to develop. Technical and administrative advice will always be needed—its level and quantum, if anything, will have to go up as people get better informed and better organised and the

desire in them to achieve higher goals of progress becomes stronger. To inspire confidence of people, it would be necessary for the services to establish identity of interest and have a deep understanding of their aspirations, problems and their needs and more important than all these, to have confidence in their capacity both to decide and implement programmes of their welfare.

The services, besides having the administrative and the technical skill, will have to be adequate, responsive and independent. To enable the personnel to meet this challenge they will have to be fully equipped and trained, both at the initial stage of their recruitment as well as during the course of their service. The quality of service desired would also, in no small measure, be secured by giving them their proper place and prestige. But we are not likely to succeed very much in building efficient and competent services if they are going to be completely separated from the State. Anybody worth anything would first like to get into one of the services under the State rather than in the services under the local government. For higher posts in each sector there should be a common service for the local bodies and the State. For lower jobs there should be local government service but its members should have the same right of promotion to State services as the employees of the State Government once they are selected by an independent Commission.

While sharing in administration is bound to be an invigorating and educative process, healthy conventions between the elected representatives and the services, based on understanding of and need to provide efficient service commensurate with the hopes raised in the people, will take time to develop. There is a danger that the elected individuals may, for reasons of expediency, ignore the advice of the services. That, the common man desires, above everything else, an efficient and impartial though sympathetic administration, needs to be fully appreciated. The measure, in which this is ensured, will determine the extent of confidence the local bodies will inspire in the people. Maladministration, howsoever popular the powers that be, would not be tolerated for long and the resulting impatience of the people may jeopardise the very growth of these institutions. The experience in other countries and the short experience of working of local institutions in this country reveals a tendency of few individuals assuming the powers of the organisation. The bureaucracy of the elected individuals, at times, can be worse than that of a paid servant. The successful working of the two important wings, namely, the elected representatives and the services, will depend on mutual understanding and regard. It should be recognised that "executive functions and deliberations and policy making functions are but two facets of

administration which act and re-act on one another and, therefore, cannot completely be isolated to be made exclusive". Mr. J.H. Warren expresses it in the following words :

"There is, indeed, a wide recognition in the world of Local Government of the officers' right to advise on policy. In the most progressive Local Authorities, the officers are expected, and given to understand that they are expected, to do this. It is obviously only the officer, spending his daily life at the centre of the Local Authority's activities, who can measure the impact of the Local Authority's existing policies, who can know the resources of the Local Authority so intimately as to be able to measure their adequacy in conditions of change and growth; whose knowledge of the services is so close, and whose experience so well bedded down, as to make foresight possible; whose conspectus of needs can lead to long-term policies, in which the many-sided requirements of a place are brought into balance and proportion... Nor does anything we have said or quoted imply that the Local Authority which welcomes advice on policy from its officers, or accords them a large degree of initiative, relinquishes its own control. Local Government officers are not unaccustomed to having their more ambitious policies rejected, and it belongs to their professional code of conduct to apply a policy with which they may personally disagree as loyally as if it were their own... it is precisely officers of this kind who usually elaborate in the most effective way the instruments by which the council is enabled to exercise its essential controls over both administration and policy."*

Every effort should, therefore, be made to establish correct conventions based on mutual understanding and on the understanding of the role of each other.

To ensure that the plans prepared by the local bodies and the decisions taken by them are promptly and fully implemented, it is essential that the Chief Executive Officer of the local body, be it at the block level or the district level, is vested with adequate powers over the services. Before the introduction of the scheme of Panchayati Raj, the block organisation provided for a single line of control. The Block Development Officer exercised administrative control over the entire block staff. With the coming of statutory institutions and elected representatives there has arisen the problem of disciplinary and

**The English Local Government System*, London, George Allen & Unwin, 1955, p. 92.

administrative control over the staff. Legislation in some of the States vests such control in the Vikas Adhikari while in others it is vested in the elected Chairman. The responsibility for implementation of the plans and the programmes having been squarely cast on the Block Development Officer or the Vikas Adhikari or the Chief Executive Officer, it is necessary that he is vested with sufficient authority over the block staff to discharge this onerous task. The block staff has, in some cases, divided loyalties; some look to the elected representative while others look to the Block Development Officer or Vikas Adhikari. This is more so where unfortunately the relations between the elected Chairman and the Vikas Adhikari leave something to be desired. This is not all. The block staff sometimes look for instructions to their technical superiors at the district or higher levels. This makes matters worse as legislation in some States vests technical control over the block staff in the district level or State level officers. Apparently, there is nothing wrong in what the law provides. Difficulty, however, arises as words like administrative control, disciplinary control, technical control and technical supervision are liable to be interpreted differently; particularly where the provision of law is not specific or definite. There is, therefore, need to clearly define the extent of control over the block staff by: (i) the elected Chairman, (ii) Chairmen of Standing Committees, (iii) State and the District Level Officers of technical Departments, and (iv) the nature and extent of control of the Vikas Adhikari. Besides defining the extent and nature of control over the various block functionaries, it is essential to clearly lay down the sphere of activity of each of such functionaries. Admitted that our experience of the working of these institutions is short, the need for clearly laying down the sphere of activity of each functionary and the channels of references cannot be denied.

Till some time past, the Gram Sewak had a variety of functions particularly relating to matters of local development and was, therefore, accepted in the village community. With the powers to allocate schemes and funds having passed to the Village Panchayat or the Panchayat Samiti, he seems to have lost his moorings. His technical know-how has been found insufficient to meet the growing needs. Steps will, therefore, have to be taken to augment his technical knowledge and also to associate him with the Village Panchayat.

III

There is then the problem of overlapping of functions. Quite a few tasks fall within the competence of the Panchayat Samiti

and various other agencies of the Government. Each of them employs some staff for these tasks. It is necessary that tasks of local concern, which can best be assigned to the elected local bodies, are so assigned to them that the staff available for these tasks may also be rationalised to avoid overlapping of functions and waste of available financial resources.

Another important problem that needs to be tackled is continuous and steady flow of technical guidance from the State to the village level. The technical departments must transmit the best guidance and experience available for programmes of local bodies in each field of development, to help people and their institutions to fulfil the onerous function of providing better and efficient service. The District Level Officers will have to endeavour to meet the growing urge for technical assistance by augmenting the technical skill of their officers, besides helping the local bodies in planning of their programmes and their successful and efficient implementation.

The growing emphasis on development programmes and the need for rapid progress has in the past made heavy demands on the District Officer. Most of the time he was occupied in dealing with programmes of development which mostly had a local bearing. This has made him relegate some of the more important matters, for which he had considerable responsibility, to the background. Local institutions having been entrusted with the planning and execution of such programmes, the District Officer should now devote most of his time to programmes that are directly executed by the State Government. While doing this, he will, however, ensure co-ordination of the programmes falling in the local and the State sectors and closely watch that the latter are in conformity with the national policies and the State plans. He will also have to see that in the formative stage of the Panchayati Raj the administrative efficiency is not allowed to suffer. For some time to come, the Collector will have to continue to work as a guide, friend and philosopher of these bodies without becoming officious. This could best be achieved by his being associated with the district body. The thinking that the Collector should be kept out may result in complications. It is, therefore, necessary that he is actively associated with the district level body though he may not have the right to vote.

The Panchayat Samiti or the Zila Parishad cannot meet frequently to attend to their day-to-day business. Some machinery has, therefore, to be provided for the latter purpose. This can be possible by delegating powers for taking day-to-day decisions to the elected individuals or by constituting Committees for different matters from amongst the elected representatives, who may co-opt people having

experience in different branches as its members. Experience of some countries has been that concentration of power in one elected individual results in corruption and nepotism. In most of the States, therefore, the pattern provides for a Committee system. But a tendency is noticeable, whereby the President of the local body tries to arrogate to himself the powers delegated to the Committees or, if he is in an overwhelming majority, tries to get those powers delegated to himself. This tendency is fraught with danger and statutory provision should be made to check its further growth. The legislation should clearly define the powers of Chairman of the elected body, Chairman of the Standing Committee as well as powers of individual members.

IV

Having dealt with the tendency of the individual getting powerful by arrogating powers and making joint deliberations ineffective and also the tendency of the individual forming a group in the local body to abuse power, the inclination of the higher elected body to interfere with the day-to-day functioning of lower bodies needs to be discussed. In most of the States, it is the local government at the block level which has been entrusted with powers of planning and execution, while in a few others it is the body at the district level. In the case of the former, the problem that has to be faced is to stop the tendency of intervention into the working of the lower local body and arrogating more powers to itself. The solution of this problem would lie in entrusting to it some substantial work not of an executive nature but of research, study and training. It could be made responsible for the development of the under-developed areas and under-developed communities. Another function that could be entrusted is to make it responsible for ensuring that the lower bodies adhere to national priorities and State plans, and that their decisions are within their competence. Similarly, the Panchayat Samiti should allow sufficient initiative to the Village Panchayat. The Panchayat Samiti should assist the village body by making it available the technical advice of its extension staff and funds and by infusing in it a sense of responsibility, make it realise that the Sarpanch and the Panchas will be held directly responsible for defaults in discharge of its duties. The Village Panchayat, in its turn, should constitute, assist and develop a School Committee, a Mahila Mandal and a Youth Club in every village.

Legislation in most of the States provides for the Panchayats to convene periodical meetings of the Gram Sabha. Full utilisation

of this institution is not being made by the Panchayats. This is necessary to enlist the support of the village as a whole for all panchayat activities. Similarly, all members of the Village Panchayats in a block should meet at least twice a year to review the work done by the Panchayat Samiti. It is only then that the local government institutions will be able to involve the whole people to participate in the development of the area.

The experience has been that lack of unanimous decisions has created party factions not on matters of policy but on matters of fulfilment of local felt needs. It may be difficult in the present day to achieve complete unanimity but in the interest of the village community, their representatives and the institutions, nearer unanimity has to be strived for without any mental reservations. This will reduce party factions in villages and there will be a gradual but positive change in our mode of thinking.

V

The introduction of the scheme of the Panchayati Raj has brought to the fore the need for clearly defining the role and relationship of the two bodies at the village level, *viz.*, the Village Panchayat and the Co-operative Society. There are indications of the Co-operative Society considering itself as a parallel organisation and sometimes working in a manner inimicable to the plans and programmes of the local body. This trend is partially due to insufficient appreciation of each other's role. In case of the Co-operative Society, the feeling is based on the notion that it is independent of local government and should owe its allegiance to its own hierarchy. The Village Panchayat, on the other hand, depends for the finances to implement its plans and programmes mostly on resources made available by the Government or those raised by it and not on the resources of the Co-operative. This creates a feeling of seeming aloofness in the two.

Both, for the local growth of these two important village institutions as well as for co-ordinated development of the area, it is essential that the local government body at the village and the block level has a say in the management of the Society. The role of the Village Panchayat should almost be analogous to that of the Development Commissioner in the hierarchy of developmental activities as it has developed in the course of last one decade. Without making the Co-operative Society subservient to the Panchayat, the former should accept the leadership of the latter and keep its activities and actions in consonance with and within the framework of the plans and programmes of the Village Panchayat. The Panchayat, in its turn, must take

the responsibility of promoting and strengthening the growth of co-operative movement. In short, both these organisations should support and complement each other. Such a relationship could be brought about by :

- (1) Channellising all funds distributed or given by the Government to the Co-operative Society through the Panchayat Samiti or the Village Panchayat.
- (2) Providing for administrative supervision which involves the examination of the general working of the Society.

This kind of supervision is really more constructive in nature and could form the basis for promotional and extensional function.

- (3) Providing for the annual report and the balance sheet of the Society to be put up to the Panchayat Samiti.
- (4) Providing that the Secretary to the Society is appointed with the concurrence of the Standing Committee of the Panchayat Samiti or out of a panel of three names suggested by the Panchayat Samiti.

Such a recommendation should be based on the selection made by the Services Commission.

- (5) Providing representation to the Panchayat in the Co-operative Society and *vice versa*.

The Panchayat should contribute to share capital to enable it to send its representative as a member of the Society.

- (6) Making the Panchayat Samiti or the Zila Parishad responsible for co-operative training, education and propaganda.

It will, of course, be useful to have representatives of the Co-operative Unions as members of the Committee that may be constituted for this purpose.

- (7) Associating Co-operative Society in drawing up plans and programmes of the area.

The best course would be to associate in matters of economic planning one or two representatives of the Co-operative Society.

The work of supervision enumerated above should be entrusted to one of the Standing Committees either of the Panchayat Samiti or of the Zila Parishad. This Committee should have representatives of the Co-operative organisation also.

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The popular local bodies at the village, block and district levels have a vital role to play. They have to be responsible to the people and responsive to their needs and aspirations. These bodies should afford new avenues of service to the people rather than opportunities for the exercise of authority. For this, they should share, in a good measure, the burden of the State, so that the State could be left free to devote its energy to solve bigger and intricate problems. There are some trends which need to be checked, but there are visible signs of healthy relationship developing in many directions. A good beginning has been made and we can look forward to the future with confidence and hope. There will, however, be need for quite some time for continuous study of actions and reactions and for alertness on the part of all concerned to check the growth of unhealthy trends.



ADMINISTRATIVE PROBLEMS OF DEMOCRATIC DECENTRALISATION

B. Mukerji

BEFORE we proceed to consider the administrative problems of democratic decentralisation it will be well to state briefly the real purpose and significance of this policy. The recommendation of the Study Team set up by the Committee on Plan Projects, popularly known as the Balvantray Mehta Team, led to the initiation of this policy. It is significant that the Team came to make this recommendation as a result of their study of the Community Development Programme and particularly its aspect of public participation. Although their emphasis was on the development of local self-government and on the devolution of Government's authority to it, they did point out, to some extent, the larger aspects of the policy of democratic decentralisation. To quote from the Report : "People's participation should not be regarded merely as providing a certain portion of the cost of a particular work in cash, kind or manual labour, but it is their full realisation that all aspects of community life are their concern and that Government's participation is only to assist them where such assistance is necessary. It is the gradual development of their faith in the efficacy of their own co-operative action in solving their local problems." Again, "only normally organised and fully empowered units of continuous local administration can shoulder the responsibility of organising community life on progressive lines."

It is not accidental nor surprising that in studying the Community Development Programme the Team came to emphasise the importance of local government. There is much in common between community development and local government. Both have as their origin the desire in the people to serve their common ends largely through their own effort, *i.e.*, the desire for self-help is present in both. In a way local government can be regarded as an institutional device for placing the impulse for self-help to meet common ends on an organised and continuing basis. Where local government is weak or inefficient, community development works under a handicap, but that is where community development programmes are most needed, both to serve their own ends and those of local government's as well. The central objective of community development is to develop the capacity of the common men and women and to organise them for working for their own development and the progress of the country. It is based on

the faith that the rural people have almost limitless capacity to fashion a better life for themselves if properly aided by State action. If villagers seem to be lethargic and indifferent to progress it is because they have remained culturally isolated from the main stream of national life, unable to see the possibilities of progress, and have for a long time not been permitted to participate in programmes of their own improvement. It is only by getting villagers involved in the process of improving themselves through their own effort that we can develop their capacity and self-reliance, a co-operative way of life among them and solidarity in the community. These are the objectives of community development. It was but natural, therefore, that the programme of community development demonstrated the need for "normally organised and fully empowered units of continuous local administration". At the same time it also provided the best opportunity for the development of local self-government. For it is only by shouldering responsibilities at the local level for tasks forming parts of a well-considered and comprehensive programme of rural development, such as a community development programme has to be, that local government can render useful service to the communities it represents and only thus can it establish itself as a useful institution of the people worthy of their respect and support.

It remains to be further emphasised that under our policy of democratic decentralisation both community development and local government are closely related to the growth of democracy. Community development is essentially a democratic process; it must have abiding faith in democracy. Both must rely on the capacity of the common man and aim at developing it to the maximum extent possible. Our policy of democratic decentralisation is much more than merely one of building up a system of local government; it also aims at building up democracy from the grassroots, and this by following the only method that can be followed for this purpose, *viz.*, to give the masses of the people the opportunity and the institutions of their own for practising democracy in an organised and a meaningful manner. But not only does a community development programme assist in the promotion of a decentralised pattern of democratic local government and gains from it, it is also bound to create the demand for such local government. Community development is but a part of a larger effort to develop the nation economically, socially and politically, and, by breaking the cultural isolation of the villages and integrating them into the life of the nation, aims at converting a stagnant economy dependent almost entirely on primitive agriculture, into a progressive economy based on industry, and a social structure rooted in tradition into a scientific and progressive society. Thus, before

long, it is bound to create the demand from the rural people for real participation in the political life of the society and the nation, the demand that they must have political channels through which they can express their interests and command influence equal to their numerical strength and potential importance. By improving the conditions and quality of life in the village, community development seeks to reduce the drift of talent from the village to the city, and success in doing so must create the demand in the village for opportunity to participate in political life. What is required is that out of such a situation a stable political system is built up which while it will help the development programme will also provide the village people the means to express their political interests and to participate in decision-making in fields concerning their welfare. The system of local government which is being promoted under the policy of democratic decentralisation, in close alliance with the programme of community development, aims at achieving this larger objective.

A break-away from centralisation is not easy. The forces of centralisation have reigned supreme in our country during the British rule and have not weakened in the post-independence years. The necessity for central planning, the State entering the economic field more and more and for the Central Government assuming leadership in these fields have tended to strengthen the forces of centralisation. In this situation a policy of decentralisation to succeed must be boldly conceived and vigorously pursued, inspired by the same kind of ideology as of community development, which is based on the faith in the capacity of the common man, is impelled by the desire to develop that capacity to the maximum extent for the country's development, recognising that this can be achieved only by securing direct participation of the largest number of people in the management of the affairs of the community. The local authorities that we are now creating should be made into real democratic institutions of the people, chosen by them and answerable to them. They should plan and execute their own programmes in conformity with the real needs of the community. Then only will democracy have meaning for the people in a situation in which the State takes up programmes of economic and social development. Thus the policy of democratic decentralisation has to be extended to the political, social and economic fields alike.

II

The pattern of 'democratic decentralisation' which is being developed in the different States is largely in conformity with the recommendations of the Balvantray Mehta Team; and with these

most persons are now well acquainted not to need mention here. I have taken much space to deal with the real purpose and significance of the policy, as I see them, in the hope that what I will now say in regard to the administrative problems that will arise from the implementation of this policy will be seen in proper perspective. But before going on to deal with these problems I should mention that these administrative problems of democratic decentralisation cannot be treated altogether in isolation of the problems of political change which must be brought about as a necessary condition for the success of the policy of democratic decentralisation. The change-over from a centralised to a decentralised system will be a very great change and will need to be promoted through both political and administrative action. Success or failure in one field of action will act and interact on the other. For administration is only an instrument of government. Weaknesses commonly to be found in the administration of under-developed countries, such as, ineffectiveness, untrained, incompetent and often corrupt personnel, are also to be found in the Governments of these countries. The character of the Government is bound to be reflected in the administration and improvement in the one cannot be made without making some improvement in the other. For political authority that gets accustomed to centralised functioning it is not easy to design policies and measures that will bring about real devolution of its own authority to local authorities. Further, there is the danger that these policies and measures may be designed to serve purposes other than those of decentralisation, that I have emphasised. It is not inconceivable that they may aim at improving the political strength of the party in power. Should this be attempted the task of the administration will be made most difficult.

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Undoubtedly, there has to be brought about a very great change in the character of our administration, in its structure, methods of functioning, attitude of its personnel, their equipment, etc. A new relationship has to grow between public servants and the people. This change would have been necessary for the fulfilment of the goal set by the Constitution of converting what has hitherto been very largely a Police State into a progressive, democratic Welfare State, and the administrative task involved in it would have been difficult even without the policy of democratic decentralisation but with that policy it becomes still more difficult. The majority of persons in the administration have an urban orientation and no intimate knowledge of the rural people and their problems. The urban people have had virtually a monopoly of higher education. And that education was designed to

suit the needs of the ruling power, not the needs of the development of the country. The administration as a whole has yet to win the confidence of the people which it did not enjoy during the British regime. To remedy this situation the personnel in the administration have to make a valiant effort to make good the weaknesses in them. They have to get in tune with the rural environments and the rural way of thinking and living and yet retain their culture that is oriented to change, as distinguished from the culture of the rural people which is largely oriented to tradition.

The rapid promotion of the scheme of democratic decentralisation will require that the needed transformation in the character and functioning of the administration should be hastened, but at the same time it will increase the difficulties in the way of it. For one thing it will increase the danger of misinformed and unfair criticism of the administration coming in the way of its improvement. The improvement of the administration has to be brought about largely by administrative action. If criticism of the administration tends to bring down its credit as an essential instrument of Government its effectiveness for reforming itself will also be reduced. Under our Constitution the administration is a non-political permanent instrument of Government and should not be criticised in the same manner as one political party criticises another. The chances that this will be avoided, to my mind, will be reduced in the initial stages by the promotion of our scheme of democratic decentralisation. The very large number of new political leaders that will come up at the lower levels of Government, the Gram Panchayat, the Panchayat Samiti and the Zila Parishad, will have less education, a narrower outlook and hardly any experience of working with the administration, than the leaders at the State and national levels and so they will find it more difficult to work in harmony with the administration. The Government functionaries working for the local authorities, whose numbers will have to be increased greatly, will find it equally difficult to adjust themselves to their new role.

An administrative issue that may be considered at this point is whether and to what extent should the 'deliberative' and 'executive' functions be combined in the hands of the democratically elected agencies. Many see in this combination a danger to the success of local government. The view is based first on the principle that the permanent services, whether of Government or local authorities, should be non-political and secondly, on the assumption that policy-making and execution of policies can be kept separate at all levels of Government, including local government. While the principle is sound and desirable to apply to all levels of Government, the assumption is of

doubtful validity in respect of the Panchayat and the Panchayat Samiti. If we confine the role of the elected members of these bodies to policy-making and deliberation usual in a parliamentary form of Government, we would fail to achieve the important purpose of organising the community for effective action and getting from the people the maximum contribution, in resources of manpower and material, ingenuity and enthusiasm, leadership and sacrifice, for the development of the country. At the village and block levels not only will the scope for policy-making be very limited, the distinction between it and executive action will be often difficult to make. While the local authorities will have to have their own administrative agency it will not be possible nor necessary to make it large enough to handle their entire administrative work. It should be possible, and in many ways will be advantageous, to require the elected members of the Panchayat and Panchayat Samiti and those co-opted to its various committees to undertake such administrative functions as supervising non-technically construction works, collecting taxes, being in charge of the village library and information centre, supervising the work of the village school teacher, etc. A much greater degree of control on the day-to-day working of the administrative machinery by the elected representatives of the local authorities would be needed than what should obtain at the level of the State or the Central Government. And yet good administration does require that the administrative machinery is also assigned an independent role and responsibility. We will have to work out what in the practice of public administration in this country may be a new distinction, one between "political executive action" which will be the concern of the political authorities and "administrative executive action" which should be assigned to the administrative agency. The former should only assume those roles in which they can use their position as representatives and leaders of the people to best purpose.

There is danger that the local authorities' own administrative machinery, as it is built up, will imbibe some of the weaknesses of the existing administration that I have referred to earlier. This will have to be guarded against. And yet it will have to possess some of the qualities of the Government administration, its impartiality, objectivity and non-political character. When we take account of the fact that there will be much greater personal and day-to-day contact between the political leaders and the public servants at the lower levels of Government we can realise the difficulty that the latter will have to face in being impersonal and non-political in functioning. The whole situation will get much worse if the policy of democratic decentralisation is used by the political parties for their own political purposes, intensifying

thereby the tensions and factions in the village. What is needed is that the implementation of this policy is kept outside the arena of 'party politics', that the new political leadership that will arise with the creation of the decentralised local authorities are trained to discharge their responsibility in the matter, that there is a clear recognition of the separate and yet mutually complementary roles of the people's representatives and of the instrument of Government and that both sides show patience, good sense and good leadership in dealing with the problem of the establishment of the right kind of working relationship between them.

There will be other administrative problems too in connection with the building up of the administrative machinery of the local authorities, problems relating to recruitment, to conditions of service, training, personnel management, etc. One difficult problem will be how to attract persons of necessary talent to the humble and low paid posts under the local authorities. This will often require choosing men from larger areas than of single local authorities and yet it will be necessary to give to the local authorities the feeling that they are their employees, subject to their control and loyal to them. In the employees will have to be inculcated the sense of obedience and loyalty to the local authority and knowledge of the local area. It might be best to organise what may be called "Local Authorities' Services" to which public servants serving under the local authorities will belong, organised into various cadres, technical and non-technical, with clearly formulated rules of recruitment, promotion, disciplinary control and conditions of service, to give to those Services the necessary sense of security, protection against victimisation, reasonable conditions of service, prospects of promotion, etc. It would be best to entrust recruitment to an independent body, non-political in character, having somewhat of the character of what may be called a "Local Authorities' Service Commission". To get the local authorities to accept these ideas and arrangements will be difficult. The lead will have to come from the higher level political leaders, although whether even they will lend their support is by no means certain. It is likely that these suggestions may be misconstrued as an attempt to entrench 'bureaucracy' in the local authorities. In the context of the kind of administration that we have inherited from the British even the idea that the public servants should be the servants of the people is often understood to mean complete subservience to the people and their representatives and tends to belittle the role of administration as an instrument of Government.

The dislike for the bureaucracy in the public mind, created during the British Raj, still continues and there is likelihood of opposition

to the expansion of the public services which will be necessary for the proper functioning of the local authorities, particularly if they are to be recruited and organised in a manner and will give them some measure of independence of functioning and security of service. Only slowly can this hostility for the 'bureaucracy' be removed and it would be wise not to press for a rate of expansion faster than what public opinion will tolerate. This suspicion of bureaucracy, the fear that it may try to gather or retain too much power in its hands and retard the development of the local authorities, will be found in the local authorities themselves as well as in the non-official leadership outside them.

III

This brings me to the question of the role of Government functionaries vis-a-vis the local authorities. I am not referring now to the local authorities' own administrative machinery. Even when they come to acquire fully their own administrative machinery, that of the State Government will have to help, guide and stimulate the development of the local authorities. The State Government will be in a position to maintain technical and administrative officers of a higher calibre, competence and experience who will have to guide the officers of the local authorities. The latter will be more and more in need of such guidance as their functions and responsibilities would widen and grow more complex. This should be a desired development but it will also result in the gradual reduction in the powers of the government functionaries. This will be a delicate situation for Government functionaries to be in, particularly with the suspicion and apprehension that is likely to exist against them in the local authorities. At the same time fear is noticeable among Government servants that with the growth of the local authorities and powers and functions passing into their hands the prestige and authority of the former will decline. This should not necessarily be the case. What position the Government servants acquire in the new order will depend very largely on themselves. A change is inevitable and to oppose it will be foolish and unpatriotic. If our technical services keep on improving their efficiency and competence and therefore remain always in a position to render service to the local authorities, however high the latter's demands may be, they should have no fear of decline in their prestige and usefulness.

Some of the functionaries of the State Government will gradually get converted into functionaries of the local authorities and be absorbed in the appropriate cadres of what I have called the "Local Authorities' Services". Several problems of administration will arise during

this process of conversion. In the transitional phase many of these functionaries required to work for the local authorities will have to work in a dual capacity—as an administrative organ of the local authorities carrying out their behests and also as an agency of Government helping the development of the local authorities. To combine these roles will not be easy and will often present an administrative problem of no little difficulty or consequence. There will be other difficulties too of this transitional period and much care and good planning will be required to smoothen them out. Care will be needed in choosing correctly which of the functionaries of Government should be converted into functionaries of the local authorities and what should be their new position and functions. The choice will not be easy to make in all cases, nor free from controversy. A view some hold is that the District Collector should be made the Executive Officer of the Zila Parishad. The Zila Parishad may itself like this. In my opinion this will not be a good arrangement. The District Collector can be of much greater service to the Zila Parishad as its adviser and helper. I visualise that the District Collector of the future will be a person who because of his maturity and detachment will always be able to guide and advise the local authorities and they themselves will seek his advice. The functions and responsibilities which the Zila Parishad is being given does not require an Executive Officer of the status of the District Collector. Moreover, the Collector will have many other functions to perform and cannot give full attention to the Executive Officer's duties. He will have to remain the representative of the State Government and on their behalf will have to exercise some control over the local authorities. The District Collector must continue to have a large share of responsibility for ensuring the success of democratic decentralisation. He will have to effect co-ordination at the district level, and help in securing harmonious working between the Development Departments of the State Government and the local authorities. But these views are not going to go unquestioned even by responsible leaders of public opinion which illustrates the difficulty that will be faced in evolving the new administrative arrangements that democratic decentralisation will need.

The block organisation created for the execution of the Community Development Programme is the obvious instrument of administration to be given to the Panchayat Samiti. Its functionaries, passing through the transitional phase that I have described, should ultimately be absorbed in the "Local Authorities' Services". But care will have to be taken that the special features of this organisation are not given up—a unified and homogeneous Extension agency, with

representatives on it of all the Development Departments, under a single captain, the B.D.O., with multi-purpose village level workers at the base and with team work among all the members of the organisation. Admittedly, these features the organisation does not yet possess in full measure, but we should continue to promote them even after the organisation is put under the Panchayat Samiti. We must also continue to promote the idea of the 'block' as the primary area unit of planning and development and the block agency as the common agency of all the development departments, an idea which the Community Development Programme brought to the forefront. Its logical culmination has come with the acceptance of the block as the principal unit of local Government, which is what the Panchayat Samiti is to be. The full and successful development of this pattern of administration and local government will take time and will be difficult, but it has become more important and urgent with the coming in of the Panchayat Samiti. When this development is accomplished, I have no doubt that it will come to be regarded as a unique and significant development in the fields both of Public Administration and Local Government.

The Block Development Officer can best function as the Executive Officer of the Panchayat Samiti. As it is, his position has been very difficult and has hardly stabilised. With the new role added, it will become still more difficult. It will not be advisable to further complicate the situation at the initial stage by making the B.D.O. at once a member of a "Local Services' Cadre", and thus face him with the uncertainties of a big change in his service conditions. A gradual change will be better. His link with the District Collector should be retained, so that he continues to get the latter's help and guidance, though ensuring at the same time that the Panchayat Samiti has effective day-to-day control over him. Similar should be the position of the technical officers at the block level vis-a-vis their own superior departmental officers and the Panchayat Samiti. The Panchayati Raj has to function within the general scheme of administration and the integrity of the structure of technical and administrative services and their ability to fulfil the duties and responsibilities cast on them has to be ensured, not affecting, however, the development in competence and prestige of the local authorities. The attempt has to be to establish a partnership between the Panchayat Samiti, the block officers and the higher officers of the administration in the difficult task of developing the system of local Government on right lines. This will be an administrative problem of 'democratic decentralisation' of great importance and much complexity.

IV

This brings me to the important question of the proper relationship between the different levels of Government, which is as much a problem of administration as of political policy in democratic decentralisation. It will have much bearing on the relationship between the local authorities and the administrative and technical services of Government. The relationship between the different levels of Government, the Panchayat, the Panchayat Samiti, the Zila Parishad, the State Government and the Central Government should be developed more in terms of collaboration and mutual dependence than in terms of control and supervision exercised by the higher over the lower levels of Government. The place that is assigned to each level of local authority in the whole scheme of Panchayati Raj should be clear and free from doubt, conflict of jurisdiction avoided, and available resources distributed equitably in proportion to responsibilities. If they adopt the right approach the local authorities will themselves find that the field of collaboration can be made wide and varied. To some extent the Panchayat Samiti will have to co-ordinate the activities of the village Panchayats, and the Zila Parishad of the Panchayat Samiti. Co-ordination does involve some supervision over the work of the body whose activities are co-ordinated and it will have to be ensured that this supervision does not lead to friction nor retard the growth of the lower level local authorities. Much of the task of working out the system, pattern of working and procedures which will achieve the above stated objectives will devolve on the administration and will be of no little difficulty.

But correct policy decisions will also be important. Fortunately, the organic link that is being created between the Panchayat, the Panchayat Samiti and the Zila Parishad through indirect election will help in the promotion of collaboration among these local authorities. But there is the danger that under this system 'party politics' may have a concentrated impact on the election at the village level, which apart from the political problem that it will present, will also complicate some of the problems of administration mentioned earlier. It is said that elections are creating feuds and factions in the village or making these more bitter and destroying whatever little community-feeling still survives in our villages. Howsoever desirable it may be to avoid these evils of election and to keep 'party politics' out from the local authorities, I am unable to see how this can be done. Choosing Panchayat members by consensus or show of hand, or insisting on unanimous election, tried in some places, has not been quite successful. The divisions that exist in our society today, whether of social or economic

origin, cannot be fought only at the village level. I have earlier pointed out the need for providing the village people the opportunity to participate in the political life of the country and the means to express their political interests. I do not think it is possible to develop a pattern of political participation at the village level quite different from the pattern adopted for the country, though variations in the process of democratic functioning may be possible and necessary. Much will depend on the kind of 'politics' we have—will it be stable in which change will be purposeful and directed? I see no alternative to the election of Panchayats through secret ballot. The growth of people's political maturity will be retarded by not having elections at the village level and thus excluding from individuals the function of choice between policies, persons, issues, etc. But that there will be danger of 'party politics' entering the local authorities with its drawbacks cannot be denied. How the danger and drawbacks can be minimised to the maximum extent possible will be a task for the public administration as well as for the political leadership.

This brings me to the question of providing some safeguards against abuse of authority by the local authorities. There is danger of such abuse, whether because of the inexperience of the local authorities, or the corrupting influence of power or resulting from division and factions within the local authorities. The safeguards will have to be devised largely in administrative terms and operated through administrative action and hence arises another difficult administrative problem of democratic decentralisation. In essence the problem will be how to reconcile the measure of control that is necessary over the local authorities with the need for granting them a large measure of freedom and autonomy of functioning that they must have to ensure their growth. When we remember that there will be suspicion in the local authorities against exercise of control over them by the functionaries of Government, and the risk that the latter may use their position of authority to prevent any diminution of their own power and prestige, we can well realise the intricacy and difficulty of the situation.


The problem of co-ordination has always been difficult in any well developed administration. Democratic decentralisation should make a real advance in co-ordination both in planning and execution of the development programme. The real decentralised self-governing authorities for smaller territorial units that are now being created will be better able to plan for their areas in a co-ordinated manner and in accordance with the needs and wishes of the people than is possible for centralised authorities responsible for large areas. Such authorities have necessarily to function through well-developed specialised departments and agencies for different fields of development and it is this

that makes their task of co-ordinating local programmes inherently difficult. But democratic decentralisation will also introduce a new element into the problem of co-ordination which has its administrative implications. The new units of administration of the local authorities will have to be fitted into the existing structure of administration. This will be not only a process of territorial adjustment but also of functional co-ordination. With the village Panchayats, the Panchayat Samitis and the Zila Parishads having considerable authority and autonomy for planning their programmes of development, the big problem for administration will be of co-ordinating these programmes so as not to affect the unity of the national plan. The national plan must have a pattern, must allocate resources between competing demands according to national requirements and order of priorities, must lay down targets of achievement in the different sectors of development. But while these may be valid from the national point of view they may not be equally valid for every village community or block area. Thus considerable flexibility and freedom in planning has to be allowed to the local authorities and the question will be how to merge planning from above, which takes into account the basic problems of the country and important and urgent national needs, with the planning from below, which takes into account the local needs and aspirations of the local communities. We have yet to develop sufficiently well the techniques and the skill and experience of such planning. From the point of view of local planning the task may be somewhat eased by democratic and representative local authorities taking charge of it, who understand the needs and aspirations of the people, but that will increase to some extent the difficulty of co-ordinating their plans with the national plan. We have to ensure that there is good and continuous communication from the national down to the village level and in both directions. The central planners must know the needs and aspirations of the people and the local people must be kept informed of the opportunities that open up from time to time through the execution of the central schemes for the fulfilment of their local needs so that they can take advantage of these by doing their own part. As for example, in areas where major irrigation projects or highways are taken up for construction, the villagers can be benefitted from these by making, on self-help basis, distributory field channels and by taking to improved agricultural practices; and only by their doing so will the nation benefit from the heavy investments usually involved in such major construction projects. The block plans will have to be in consonance with and fitted into the overall plans of the Development Departments. This presupposes that the Development Departments will have overall plans that are broken up block- and region-wise. Development in some fields can be suitably planned for

comparatively smaller areas; in others it must be planned over larger areas.

V

Lastly, there is the problem of finding adequate financial resources for the local authorities which will be as much a political as an administrative problem. There is an inherent inadequacy in the resources of local authorities, since very few of the taxes generally given to them are lucrative much less expanding sources of revenue. To recognise the importance of the local authorities in the development of the rural areas is to recognise the necessity of assuring them adequate funds for discharging their responsibilities. Local authorities are generally reluctant to raise and collect their taxes. While every possible political and administrative device should be adopted to induce and help the local authorities to raise all the taxes given to them and to increase their local resources as much as possible, we have to recognise that only to the extent that they establish their credit with the people by their record of service will they improve their capacity and the prospect of raising these taxes and resources. Therefore, in the initial stages it will be necessary for Government to give to the local authorities a large measure of assistance by way of a share of certain of their taxes such as land revenue, sales tax, entertainment tax, and by way of grants-in-aid. The argument often raised against sharing of State taxes with the local authorities is that it will leave the State Government inadequate resources for meeting its own liabilities. This argument is not quite valid when the contention is that the local authorities are to share responsibilities also with the State Government. And if the argument is still pressed it can only be to admit that the rural areas are to be denied their due share of the national resources for their development. The situation is not very different from what exists between the Central Government and the State Government, the former having the more lucrative and expanding sources of revenue while the latter have expanding responsibilities for welfare. It may be necessary to have some kind of a Finance Commission to deal with the question of distribution of resources between the State Governments and the local authorities. Even when assisting the local authorities with grants-in-aid or loans it will be the task of the administration to ensure that these are given in such measures, for such purposes and in such situations as will strengthen the local authorities and their capacity to raise more and more of their own resources.



MANPOWER PLANNING AND EDUCATION

Pitambar Pant

MODERN civilization owes its characteristic features to the widespread use of science and technology. The very much higher standard of living of the people in western countries is directly attributable to the great technological advance made in these countries. For the first time in human history, the possibility has been created of banishing poverty, ill-health and ignorance from the life of the masses the world around, fully in keeping with the democratic spirit of the age. Already vast knowledge and tested technology exist to increase production from farms and factories, speed up transport and communication, improve health and well-being; and the method of science ensures constant acquisition of new knowledge and its useful application. It is this which provides the underdeveloped countries with their hope and opportunity to catch up with the industrially advanced countries in standards of material well-being. Analysing the problem of India's poverty, the Third Plan says : "Low levels of consumption, saving, productivity and employment are different aspects of the central problem which India faces in common with other underdeveloped countries. Basically the task is one of developing the national and human resources of the country through the widest possible use of knowledge and technology and improved organisation within the framework of a well-concerned longterm plan."

NEED FOR LONG-RANGE VIEW

The effective development of the country's resources will require a very large number of engineers and technicians capable of putting to practical use the knowledge which already exists and of scientists capable of making new discoveries. Correct planning and training of these specialists is of decisive importance and requires the most serious attention, so that men with necessary knowledge and skill are available at the right time in requisite numbers to undertake the wide range of tasks the growing economy will require to be performed. In the particular case of higher technical, scientific and medical training the educational process takes 6 to 7 years; if there is shortage of teachers to overcome, action has to be taken ten or more years in advance and even earlier if the base of secondary education is too weak to support a large technical education programme at a later stage. As the training of such personnel takes several years it becomes

necessary to base training programmes on calculations of requirements of the various categories of personnel five to ten years ahead in different branches of the economy with a fair degree of accuracy. Because of this time lag in the educational process planning for education and training must be in advance of current planning by a period of several years in a situation of rapidly growing demand, as is characteristic of the Indian economy in its present phase of industrialization. Thus, educational facilities in relation to requirements of the Third Plan should have been taken up as part of the work of preparing the Second Plan and educational programmes in connection with the needs of the Fourth Plan must be implemented during the Third Plan. Such considerations apply in all cases where there is a considerable time lag such as the establishment of large and complicated steel plants, heavy machine building plants, deep mines, hydroelectric stations, etc. and appropriate action during a given period does not become apparent unless a view of the longer period ahead is taken. This is the significance of long-term planning on which considerable stress has been laid in the Third Plan.

The Third Plan not only indicates the minimum rate of growth of 6 per cent per annum to be continued for several years ahead and suggests orders of net investment during the Third, Fourth and Fifth Plans, but also gives an idea of the specific nature of tasks ahead by indicating the targets of capacity and activity to be achieved by 1970-71, such as : steel ingots (18-19 million tons), coal (170-180 million tons), electricity (21-23 million kw.), aluminium (230-250 thousand tons), nitrogenous fertilizers (2.0-2.2 million tons of nitrogen); food-grains (125 million tons), railway long distance goods transport (380-420 million tons) etc. Thinking along these lines has to be extended to a much larger range of production and to activities in the field of health, education, etc. so that an integrated, internally consistent and practically achievable programme emerges with fair degree of accuracy. It is on the basis of this that systematic manpower planning can be based and educational and training programmes instituted early in the Third Plan to meet the needs of the future.

This preliminary outline should be as specific and as detailed as practicable and must be worked out fairly early after a round of preliminary discussions with experts concerned. While the levels of production and volume of activity in various branches are being worked out, there should simultaneously be a number of surveys and studies of (a) pattern of employment of engineers, scientists and technicians in different sectors, (b) staffing pattern for enterprises according to scale of operation and type of technology, (c) average work loads

for doctors, nurses, teachers, etc. and desired norms of employment, (d) relative proportion of different categories of personnel, (e) standardisation of job designation and required educational and training qualifications, (f) degree of utilization of highly qualified personnel, etc. The results of these studies will provide the material for better planning of manpower.

To some extent this was the method ultimately adopted for the Third Plan. With a better developed outline of the Fourth Plan and more detailed analysis of the situation during the course of the year, certain expansion of training programmes may become necessary; but the principle has been recognised that the training programmes in the Third Plan have to be related to the requirements of the Fourth Plan. The earlier these requirements are worked out carefully and systematically the better the prospect of not impeding progress in the Fourth Plan due to shortage of trained personnel.

SECOND PLAN EXPERIENCE

The concern for manpower planning and an appreciation of the issues involved are relatively new developments. The First Plan had scarcely any need for worrying about the matter as the tempo of development was not fast enough to cause shortages of trained men. After the Second Plan was prepared an Engineering Personnel Committee was appointed to evaluate the demand for engineers arising from the development programmes of the Second Plan and to suggest means of meeting the same. The Committee made some estimates based on data furnished by States and Central Ministries in relation to projects included in the Second Plan but admitted that the shortages during the Plan could not be met by the training programme suggested by it, as it was already too late for these programmes to have their impact on the Second Plan requirements. Nor was the Committee in a position to take into account the requirements of the Third Plan, for which period in fact its recommendations would have the greater relevance. The requirements of non-government sectors were conjectures and the distribution of total number by type of engineers was merely a projection of the past and did not reflect the changed requirements of the future. A review was urgently required to work out estimates of requirements of the Third Plan realistically and to expand training capacity in engineering colleges and polytechnics as required well in time to avoid shortages at least during the Third Plan. Such calculations were made in the Perspective Planning Division of the Planning Commission early during the Second Plan in relation to the requirements of the Third Plan on the basis of

a fairly detailed, realistic and internally consistent set of targets of production and of activity, conforming to the projection of the growth of the economy outlined in the Second Plan. The estimates were helpful in persuading Government to step up admission to degree and diploma courses of engineering to levels much higher than initially contemplated. The Report of the Working Group on Technical Education and Vocational Training appointed by the Planning Commission in connection with the preparation of the Third Plan recognised the necessity of anticipating Fourth Plan requirements in the training programme of the Third Plan and confirmed broadly the earlier estimates.

The concern for manpower preparedness was reflected also in the terms of reference of the Agricultural Personnel Committee appointed by the Planning Commission in April 1957 which required the Committee "to make a fresh assessment of requirements of trained personnel during the Second and Third Five Year Plan, keeping in view the increased targets of production and the long term proposals of development in different fields; and to recommend measures for augmenting training facilities and to formulate a planned programme for giving effect to them."

However, as no indication was given to the Committee as regards the size and scope of the Third Plan, and the order of priorities within the agriculture sector itself, the task of assessing the requirements of personnel in the Third Plan was beset with difficulties. The Committee was obliged to make its own assumptions regarding the rate of growth of agricultural production, desirable programmes of development, etc. and, subject to the limitation imposed by the problem, dealt with the subject with care and comprehension. Its report was published in March 1958 and helped the Planning Commission to assess the requirements of technical personnel in a realistic way.

LONG-RANGE PLANNING FOR MANPOWER

The possibility of elaborating a detailed provisional outline of the Fourth Plan for purposes of advance planning fairly soon makes the task of manpower planning for the Fourth Plan, from the point of view of institutional training, less difficult. In what follows, the problem of integration of the system of education with the economic-social developments as seen in the context of future needs has been very tentatively posed.

The projection of the future growth of economy as given in the Third Plan implies an annual growth in investment and in industrial production of the order of 10 to 12 per cent., with agricultural production rising at about half this rate and the rest of the economy

growing at a somewhat faster pace than agriculture. The objectives in health and education have not been stated but certain assumptions could be made. A few brief comments are made about the main categories of highly trained professional people, before coming to the main topic of the need for quantitative long-range planning of higher education in particular and the educational system as a whole.

Engineering personnel :

The concept of the Fourth and the Fifth Plans will have to be made much more definite before fairly accurate estimates of requirements of trained personnel can be worked out. It is, however, already clear that in all areas which call for use of engineers—manufacturing, design, construction, teaching, etc.—there will be an expansion of the order of 10 per cent or more. With the structure of industry changing more and more in favour of industry utilizing a higher proportion of engineers, such as machine building and chemical industries, and a progressively higher number needed for design and development, there will be a tendency, observed all over the world, for the increase in requirements of engineers outpacing the rate of growth of industrial production. However, adopting 10 per cent for annual increase and about 2 per cent for replacements, with a base of 100,000 degree engineers in 1965 assumed to meet the requirement in full at that time, output should be 12000 in 1966 (as already planned) rising annually by about 1500 to 2000 during the Fourth Plan. This would imply a stepping up of admission by about 2500 a year all through the Third Plan, taking the figure of admissions to graduate engineering courses in 1965 to about 25000 instead of 19000 as now contemplated. This will barely meet the additional requirement of about 90,000 engineers during the Fourth Plan. Similarly, in the next Plan period also a steady increase of about 3000 per year in admissions will bring admissions to nearly 40,000 by 1970 ensuring during the Fifth Plan an additional supply of 120,000 engineers after allowing for replacements, bringing the total number in position by 1975 to about 300,000 *i.e.*, nearly three times the number active in 1965. This is consistent with a level of investment at least $2\frac{1}{2}$ times higher in 1975 than in 1965 and industrial output three times as much, as implied in the model. It is true this is a very rapid rate of expansion. It means nearly tripling the admission capacity during the ten years 1960-70, but considering the fact that capacity was nearly tripled even during the five years of the Second Plan, the task is not one which should be beyond our capacity. Similar considerations will apply in the case of diploma seats.

This is, of course, a simplified way of presenting a problem which has many complex aspects. The estimates of requirements

should be based on much more detailed consideration of the growth of each of the many sectors which call for the use of engineers and evaluation of the main factors which determine the estimates of requirements. This is a task which must be done systematically by individual enterprises, departments and ministries concerned with specific activities and it is easier to do so now because the Third Plan has given a fairly specific indication of the pattern of development envisaged during the Fourth Plan and further ahead. Not only has the overall rate of growth of the economy and the order of investment been indicated but specific targets of production and activities in many key sectors have been suggested. Later the Planning Commission will no doubt develop a fuller outline to serve as a preliminary basis for systematic, unified studies on a wide range of interconnected problems. The natural tendency to consider matters connected with the Fourth Plan as too remote to call for serious attention and effort can prejudice success. Otherwise there is no reason why advance planning will not take timely care of likely problems of the future. The approach is clear, the method is known and whatever uncertainties there exist need not hold up progress.

Medical :

Lack of advance action regarding manpower preparedness renders a solution of the problem very difficult when later a quick solution is desired. Take for example the objective of providing a reasonable standard of medical care to the masses of our people, specially in the rural areas. It is true there are difficulties in the way of extending medical services on an adequate scale all over the country within a short time. There are not enough doctors, not enough teachers who can train them in larger numbers, and other resources too are meagre. It is on this ground that the Third Plan has been content with the provision of one doctor for 6000 of population even at the end of the Third Plan, as it has remained during the Second Plan and one hospital bed for 2000 as against 8 beds for 1000 persons, envisaged in the Bhole Committee Report several years ago. Considering that in most advanced countries of the world there is one doctor for 500-1000 population, and one bed for 200 population, there is cause for disquiet in our lack of progress in this field.

In Delhi state, there is already one doctor to 1500 of population and there is no reason why for the country as a whole a long range target of one doctor per 3,000 population, with adequate distribution of service in both the towns and villages should not be achieved within a reasonable period of time. A properly organised health service on this level would still be only one-fifth as intensive as that prevalent

in many countries now. As drugs and medical supplies and instruments would be available cheaply and in ample measure from indigenous production very shortly, the problem is concerned mainly with training of requisite staff. Given clarity of objective and a will to find a solution, there can be no serious difficulty in tackling the problem. Consider for example the proposition that the number of persons per doctor should vary inversely with the per capita national income. If per capita income is stepped up at the rate of 3.5% to 4 per cent a year, per capita income will be doubled by 1980 and on the above assumption there should be by then one doctor for 3000 persons. As the estimated population by that time will be around 690 million, the number of doctors active in the country should reach the figure of 230,000. With the current number estimated at 70,000, and allowing for an attrition rate of 2-3 per cent, output should increase at the rate of about 7 per cent a year. This would require training of 28,000 doctors in the Third Plan, 40,000 in the Fourth Plan, 56,000 in the Fifth and 78,000 in the Sixth Plan requiring admission in medical colleges to be stepped up from 6,000 in 1960 to 12,000 in 1965, 18,000 in 1970, 25,000 in 1975, so that by 1980 the output is 20,000 of which about 6,000-7,000 will be needed for replacement and 13,000-14,000 will be available for improving standards of medical attention. The shortage of teachers will be considered as the main obstacle, but this problem which is a general one, can be solved only by following a bold policy of drawing bright people to the teaching profession by offering them better status, emoluments and facilities.

Education :

Objectives in the field of education have not been clearly stated, but reasonable assumptions could be made for the year 1975 (estimated population 625 million), keeping the needs of the economy in view somewhat on the following lines :

- (1) Age 6-11 : Nearly all boys and girls of age 6-11 will be in primary schools; this will bring the enrolment up to 80 million—about 30 million more than in 1965;
- (2) Age 11-14 : The rate of increase in enrolment of boys and girls in the age group 11 to 14 will continue during the Fourth and Fifth Plans as during the Third Plan so that by the end of 1975, 80 per cent of boys and 60 per cent of girls will be in school, totalling an enrolment of about 28 million or an increase of about 18-19 million over the enrolment of 1965. Ultimately 90-95 per cent of the boys and girls in this age group will be brought to schools;

- (3) Whereas education up to the age of 14 must be universal and justified in itself as a right and requirement of a citizen, education beyond this stage must be primarily a preparation for life's work. Progressively the criterion should be (a) capacity of the student to assimilate and benefit from the education, and (b) educational facilities adequate to train men for professions and careers the growing economy has need for. At the completion of every stage of education there should be avenues of fruitful employment.
- (4) Fifty to sixty per cent of boys and girls coming out of the middle schools would enter higher secondary stage, 20-30 per cent will go to trade schools and agricultural schools and 20 per cent will go as apprentices or for work;
- (5) Fifty to sixty per cent of those who pass the higher secondary stage will be drawn through a selective process of admission into either university and higher educational courses or diploma courses in the ratio of roughly 2:3.

The perspective plan when elaborated will not only indicate the growths of the various productive sectors of the economy and suggest the means of their realization but also outline the desirable goals of education and culture, health and housing. The various activities in the economy in 1975 can thus be visualized and a rough distribution of employment under broad categories and by sectors can be made, on the basis of which the requirements of different categories of trained people can be estimated. Certain rough calculations have been made taking the above considerations into account and the results are interesting. It appears that by 1975 about 4.0 million university and college trained persons would be required to conduct the economy in all its branches. Roughly they will be as follows :

Teacher—middle and secondary	16,50,000
University : education and research	4,00,000
Engineers	3,00,000
Medical	1,50,000
Agriculture, veterinary, etc.	1,20,000
Others, (economic, commerce, law, history, politics, etc.)	14,00,000
	<hr/>
	40,20,000
say	40,00,000

This works out to 63 per 10,000 population as against about 14 per 10,000 population in 1955. With roughly similar volume of

production in 1950, USSR had 1.5 million persons of higher qualifications showing an average of 75 per 10,000 population. Because of larger population the number of teachers and those under 'Others' are much larger in the above estimates for India.

Carrying the exercise further, it is estimated that in 1975 enrolment in classes IX-XI may be kept at 10 million (twice as large as in 1965) with an output of at least 1.5 million. Out of this number, through a selective process of admission, 350,000 may be admitted to universities and technical colleges and about 525,000 to diploma courses as follows :

	<i>Degree</i>	<i>Per cent</i>	<i>Diploma</i>	<i>Per cent</i>
Engineering	60,000	17	1,20,000	23
Medical	25,000	7	75,000	14
Agri., Vet., Forestry, etc.	15,000	4	30,000	6
Education, Research	1,75,000	50	1,50,000	28
Science	1,00,000	28	75,000	14
Others	75,000	22	75,000	14
Arts, Economics Commerce, etc.	75,000	22	1,50,000	28
	3,50,000	100	5,25,000	100

These estimates are worked out keeping requirements of growth and replacement for each category of personnel as would arise at the time the graduates come out. The phased programme of admissions in earlier years should be consistent also with the total stock envisaged in 1975 on the basis of requirements in that year.

Similarly, admission to degree courses in 1970 may be limited to about 300,000 including engineering 40,000 and medical 15,000. The total enrolment in universities and technical colleges in 1975 may be about 1.6 million showing an increase of only 200,000 in 10 years, as against an increase twice as much in the five years of the Third Plan. The larger proportion of science students is another feature which compels attention. 200,000 out of 350,000 admissions will be science students, showing roughly a proportion of 60 per cent. The same proportion is seen among candidates selected for diploma courses. Thus, out of 1.5 million students passing the higher secondary at least 500,000 should be science students of good standard, which is quite feasible with about 50-60 per cent boys and girls taking science as an elective subject. At the end of the Third Plan facilities for science education will be available for about 40 per cent of the students

i.e., for about 1.8 million out of 4.5 million. If ten years later, when the enrolment reaches 10 million, the proportion of science students is to be 55 per cent, the additional facilities for science education will be required for 3.7 million or to about 70 per cent of the increased number of students.

* * *

This very tentative exercise has been attempted to draw attention to the urgent need of putting perspective planning of higher education on a rational, quantitative basis. There has been substantial expansion of higher education in India in recent years and enrolment has been increasing at the rate of almost 9 to 10 per cent a year. In the absence of adequate avenues for technical and professional training or of employment on the completion of the secondary education, a very large proportion of students who pass the final examination seek admission to universities and colleges. Many of them are ill-equipped for higher education, but persistent demand for unrestricted admission to universities in arts and commerce courses continues. Often the graduates turned out can do nothing better than clerical work and even for this the avenues for employment do not expand in proportion to the number of graduates turned out. There is great deal of waste involved in this attitude of drift. The primary responsibility of the universities is to admit able and talented students, provide for the fullest development of their potentialities and maintain excellence of academic standards. When the need is for more engineers, scientists and doctors, there is really no point in continuing to turn out graduates in arts, commerce, law, etc. in very large number, far too many in fact to have any reasonable chance of fitting in the developing pattern of the economy. Unless the pace of development is much faster, there will be little justification for letting universities increase and expand without adequate facilities and without regard to academic standards. Expansion even then would have to be in scientific and technical fields of education rather than in general arts, law and commerce, etc. The limited resources should be directed to strengthening, scientific technical and medical education, improving laboratory and library facilities and expanding scholarship schemes as much as possible, so that we get able engineers, doctors, scientists, research workers and teachers in adequate numbers and of high quality as these are the people whom we shall so badly need, and on whom the progress of the country will largely depend.

To conclude, planning for education involves careful analysis of a number of issues. Since education can be viewed as social investment with a very long gestation period, its planning should be

approached from the point of view of long-term objectives of the society. In other words, the objectives and programmes of education should be related to the requirements of the future plans. Secondly, it is not very meaningful to talk in terms of aggregates, when the equation of supply and demand has to be worked for each separate category of personnel. For only to a limited extent are these variously qualified graduates interchangeable. A comprehensive plan should identify clearly the various categories of trained manpower required, and it is the main function of the educational process to give to properly selected boys and girls the best education and suitable environment to fit them for creative endeavour in future.

GOVERNMENT AND PUBLIC ENTERPRISES : PROBLEMS IN COMMUNICATION AND CONTROL

S. S. Khera

THE Second Plan has seen the entry by Government in the industrial field in a big way. A large number of industrial enterprises have been set up, including steel, fertilizers, machine building, machine tools, oil exploration, production and refining, coal, drugs, and a host of others. These enterprises involve heavy financial investments and commitments; they also form a large part of the base for the industrial and economic development of the country. The management of public enterprises has rightly commanded public attention, interest and concern. The Government for its part has given special attention to this problem, about the forms, structure and content of management, the methodology of management, and the modes of accountability, communication and control. There has been a period of a good deal of trial and experiment in these matters, calculated towards finding and bringing into use the best means of managing these enterprises.

The Third Plan provides for a further expansion in public enterprises, and commits still larger resources to this purpose. The problems of management therefore attain, in the context of the Third Plan, a special significance. On the results of the experience of the past, and on the answers found to the problems which arise, will depend the good management of the enterprises, and in turn, the return on the vast investments made and indeed the proper economic development of the country.

Of the many problems which commend themselves for study and discussion, an important one is the problem of communication and control as between the Government and the management of the undertaking. This is of course only one aspect of inter-action between the Government and the management of the undertaking; but it deserves some special attention because of its impact upon the efficient management of public enterprises.

Considerable attention has been devoted in the Third Plan to problems of advance planning of the different phases and activities of public enterprises, setting up of a variety of operating standards and norms, building of management cadres within the enterprise, greater delegation of authority and flexibility of operation, creation of well-equipped technical planning cells in the central Ministries and

state departments concerned, a high degree of co-ordination between different stages or parts of the same project as well as in related sectors in matters both of planning and operations and establishment of suitable units for evaluation and review of programmes. It is in this context, and for the proper implementation of these and other recommendations in the Third Plan, that a review may be useful, of the modes of control and communication as between the Government and the enterprises.

II

Inter-action between Government and management, in terms of communication and control, comes about in a large number of ways. A few recent instances may help to illustrate some of the ways in which interplay commences and proceeds :

A Minister writes a minute somewhat to this effect : "The Ambassador of country A has called at the Ministry this afternoon. He has expressed concern about the delay in carrying out those parts of the tasks of this particular project which are within the specific responsibility of the Indian party. His government is therefore greatly concerned about being able to fulfil the overall guarantees about the time schedule. On the other hand, the Managing Director assured me, on several occasions in the past, that the work was proceeding according to schedule. These assurances I accepted, but I am greatly concerned about the position since then. Whereas I have received assurances on several occasions, I have equally received expressions of concern at least the same number of times from this foreign party; and it has felt the situation now to be so serious as to make an approach at Government level through their Ambassador. The matter may now be examined urgently and I would like to know the true position."

The minute is marked to the Secretary to the Government in the Ministry. What does the Secretary do?

A Managing Director of a large and complex, highly integrated project, with a total investment of about Rs. 100 crores, is concerned about a threatened hold-up in the installation of one of its major units for want of foreign exchange, the delay in turn threatening to throw the whole project out of gear. He writes to his administrative Ministry requesting urgent intervention to secure the foreign exchange.

A Board of Directors considers it uneconomic to keep open one of its mines, owing to its high cost of production. Conscious of

criticism about any failure to make a profit, the Board asks Government for instructions.

A Managing Director writes to the Secretary to the Government in a Ministry other than his own administrative Ministry, requesting the use of his good offices in a negotiation over the price of the principal raw material required for the project; the Ministry addressed is responsible for the enterprise which is to sell the raw material.

An agreement is negotiated between Government and a foreign party, the terms of which affect the working and economics of a number of undertakings, both private establishments belonging to the foreign party and Government enterprises.

Concern is expressed, in Parliament or otherwise, at some major incident, such as an accident, in a project.

One or more State Governments communicate with the Central Government pressing for the location of a new project within its jurisdiction.

These are a few, and perhaps illustrative, examples of what are matters of daily occurrence, giving rise to communication between Government and management.

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The existing modes of communication and control fall into four major groups :

Firstly, what may loosely be described as the charter of management. This may be said to include documents such as the Articles of Association, the Instrument of Instructions, and Standing Directives issued for the guidance of the management. The Articles of Association usually contain provisions for communication and control on different matters. They provide for appointment by the Government, and, therefore, in the Minister's discretion, of the Chairman and the other Directors on the Board of management; frequently also of the top managers and other senior staff who may not be the members of the Board of Directors. They also prescribe that certain matters must be referred by the Board to the Government for decision. In addition to matters so listed, it is frequently provided that other matters may be reserved for the consideration of Government either by the Chairman or at the request of a Director. This power is very little used, however; and too frequent use of it would undoubtedly indicate that there is something very wrong in the management and the way it works. A process which was introduced two or three years ago, and which may become established as a normal practice, is the issue of an

Instrument of Instructions. This contains a list of directives to the Company, including methods to be employed in conducting its business. The Instrument of Instructions provides to the management of a new state enterprise the benefit of the experience gained in the management of other enterprises. There appears to be still a certain tentativeness about the matters contained in the Instrument and the way in which they are dealt with. This is natural, for the last few years have been a period of experimenting, and this is bound to go on for quite some time more. It should also be remembered that whereas in the case of the Articles of Association there have been long standing and well established patterns to draw upon, (for Government companies are established under the Companies' Act, the same as privately owned companies), in the case of the Instrument of Instructions there have been few patterns or precedents available.

The Articles of Association usually reserve to Government specifically the power to issue directives. A directive may have to be issued where, for instance, the considerations for a particular decision are such as to be beyond the true competence of the Board of Directors. Here let it be said at once that it does not usually happen, and I cannot think of any case where it has actually happened, that a directive is issued simply because there is disagreement between the Government and the management. The reasons for a directive, and indeed for the provision for the issue of directions, are, I think, very much more substantial than mere disagreement. The Government as such has responsibilities which are different from, and comprehend far more than the responsibilities laid upon the management of a particular project. Normally, therefore, the necessity for a directive arises where the Government as such has to feed into the decision considerations for which the Company management is not, cannot be, and should not alone be responsible. Such decisions might include major pricing policies, such as price controls, price equalisation, differential tariffs and the like; uniformity of patterns concerning wages, emoluments, provident funds, houses and the like; the location of major industrial units, and the regional distribution of economic and industrial activity. These are intended only to illustrate the position; there are many other matters on which Government directives would appear to be the right and proper mode of arriving at a decision affecting the working of the enterprise. Such directives should properly be given in writing. I have emphasised, in an earlier article on "Delegation and Accountability"¹, the importance of the written word and the record.

1. *Indian Journal of Public Administration*, Vol. VI, No. 1 (January-March, 1960), pp. 5-15.

The *second* group comprises the prescriptions and compulsions of the law. The reference here is only to those specific provisions of the law which concern company management. This includes, firstly, the discipline of the Companies' Act. There are very many provisions of this Act by which the managements of Government enterprises are bound. These provisions, as also the sanctions which sustain them, are quite apart from any other controls which may be prescribed by the Government. Should the administrative Ministry of Government oversee the compliance by the management with the provisions of the Companies' Act? The answer must be that it is neither necessary nor particularly desirable, that it should do so. The management and the Directors are under a legal obligation to abide by the statutory provisions of the Act. It seems to me that the best way to ensure that they do so with a due sense of responsibility is to let the law take its course. This is incidently also in keeping with the general principle of the rule of law, that the law should take its course. The executive Government, through the administrative Ministry concerned, should come in only where, and to the extent to which, the law itself provides that it should do so, and no more.

The second item in the second group comprises audit. The audit of Government enterprises is fully provided for by law. Apart from any checking, accounts and stores control, or other controls that may be provided for by executive rules and orders, the law prescribes the appointment of auditors, and the method of their appointment and of the discharge of the audit function. After the commercial audit is completed, and the management, the Board of Directors, has given its explanations, the Comptroller and Auditor General of India, whose responsibility is direct to Parliament reviews the result of the audit. The annual report and accounts of the company, together with the audit report, and the management's explanations, and the Auditor General's review is normally presented to Parliament by the Minister responsible for the enterprise. In addition, the Auditor General presents an audit report to Parliament, and this report may contain criticisms and objections, which then normally become the subject of enquiry by the Public Accounts Committee of Parliament. The principal witness on behalf of Government before the Public Accounts Committee and the Estimates Committee is the Secretary to Government in the administrative Ministry concerned; he must, of necessity, be sufficiently acquainted with the internal working of the enterprise. Neither the Minister nor the management is the principal witness. It should be remembered that it is in the Public Accounts Committee of Parliament that the final account is rendered for the handling and disposition of the funds, for the assets

and liabilities and profit and loss of the enterprise. The audit report by the Auditor General forms the basis of the Public Accounts Committee's examination.

A practice has grown, and it seems to be quite a good practice, that in addition to the Secretary, the representative of the management also appears before the Committee. Managements have been known to rather dread this direct confrontation. On the whole, however, it seems to be a good thing; provided always that the lines of responsibility, communication and control are maintained reasonably clear, and provided also that the process can be maintained on a course which lies somewhere between the two ends, namely, the need for maximum autonomy and freedom from invigilation on the one hand and the sovereign right and function of Parliament to oversee the working of the Government enterprises. What has been said here about the Public Accounts Committee applies also, though rather differently, to the Estimates Committee of Parliament. It would also apply to any special or standing committee of Parliament which may be set up specifically for the purpose of overseeing the management of Government enterprises.

The *third* general mode of communication and control comprises the men involved, as individuals or as groups. Reference has already been made to the provision for the appointment of the Chairman and the other Directors on the Board of Management. Each of these men, individually as also together as a group, holds office for the specific purpose of furthering the interests of the enterprise, in keeping with the Government's stated objectives and policies. They must, therefore, conform accordingly, and can be useful on the Board only to the extent to which they so conform. If, for instance, an enterprise is established with the stated intention of working economically and making a profit, it would not do for the Chairman, or the Managing Director, or for any one of the Directors to take the attitude that such could not, or should not, be the case. This seems fairly obvious. But it has been found in practice to be by no means always so. The Directors and the management are trustees of the Government's objectives in establishing the enterprise and of the Government's policies, besides being the trustees of the actual resources placed at their disposal. The selection and continuance on the Board, of any individual as a Director, or a Chairman, or a Managing Director, constitutes a vital mode of communication and control, between Government and management.

A Board of Directors of a Government company usually has a number of Government officials as Directors, who are doing other whole-time jobs; or are whole-time Government servants engaged

specially to serve on one or more Boards of Directors. As Government servants they are subject individually to the normal Government rules of conduct and discipline.

In recent years, there has been a growing feeling that Government officials should not normally be appointed on the Board of Directors; at present they are said to constitute the bulk of the membership of the Boards. The Third Plan recommends that "Secretaries to the Ministries should not be appointed as Chairmen or Directors. It may, however, be useful, in the initial stages, to appoint one or two directors from amongst government officials who are actually dealing with the project in the administrative Ministry concerned and in the Finance Ministry."²

Having Government Directors on the Board has been, on the whole, a good thing. We do occasionally get a Director who never attends Board meetings. It would be better that he is off the Board, and this principle should apply to all Directors on the Board. Sometimes, but rather rarely, there may be a Government Director who feels his own responsibility so much that he finds himself trying to run the management and the Board. It is well to remind him that his responsibility in respect of the project is to be discharged in and through the Board room, with all the Directors acting jointly. He may well be out-voted; and he must learn the way of democratic working within the Board. This is true even where an official Director may happen to be the Secretary to Government in the administrative Ministry responsible for the project. Indeed, he may find it necessary to split his personality for the purpose, which is to my mind one of the valid reasons why the Secretary to the Government of the administrative Ministry should not normally be in the comparatively commanding position of Chairman of the Board.

One advantage of having official Directors on the Board is that it helps to build up a fund of current knowledge, in the Government as a whole, of experience in the management of Government enterprises. Secondly, it makes for a good deal of cross-feeding of experience and information amongst the different projects. These are valuable benefits, especially during the still somewhat early stages of experience in the management of public enterprises. As the public sector expands during the coming decades, these benefits should prove a valuable asset in all aspects of management, and in the final accounting to Parliament for good management.

In addition to the selection and appointment of Directors,

2. Planning Commission. **Government of India, Third Five Year Plan, 1961, Chapter XVI, Para 19, p. 268.**

the Articles of Association sometimes provide for the appointment by Government of senior personnel such as General Managers. In the case of most, if not all, companies the approval of Government is necessary for appointments to senior posts carrying more than a certain salary, say, Rs. 2,000 or Rs. 2,500 a month. As in the case of the Chairman and the Directors, this is one of the modes of control over the management. Attitudes, performance, relationships, of the top managers should be watched. For experience teaches that strength as well as weakness, or the tendency for things to go wrong or for things to go right tend to project themselves in a pyramid below any point of weakness or of strength in an organisation; so that the higher the point within the organisation where the strength or weakness lies, the greater will be the spread of the pyramid within which the result enforces itself.

The *fourth* group consists of what may loosely be called "methods and procedures". It includes the agenda and proceedings of Board meetings and of committees, balance-sheets, reports, consultations and reviews, visits, and the like.

A practice exists whereby the agenda papers as well as the proceedings of the Board of Directors of a company are transmitted to the administrative Ministry. There is no attempt by the administrative Ministry to regulate the agenda. It is the responsibility of the management, and indeed of the Board of Directors, to bring before the Board all matters which need the Board's attention. It does occasionally happen that the Managing Director receives a communication from the Government to say that some matter concerning the company is causing concern and requesting that it should be brought to the notice of his Board of Directors. But this does not take away from the principle that it is the Board's duty to see brought on its agenda all the matters which should come before it. The agenda papers as well as the proceedings are a valuable and proper mode of information and communication between the management and the Government.

Periodical reports including statements about the progress made, difficulties experienced, any short-falls in performance with reasons, of costs, of the main stock position, of the budget and of the ways and means position, and so on, are a normal mode of communication by management.

Consultations and joint reviews, between the management on the one hand and the Government (whether the Minister personally or officers of the Ministry) on the other, are also a normal and indeed frequent feature in Government enterprises. These are useful.

Visits to the enterprise, particularly by the Minister, have been particularly valuable. They provide a direct impression and knowledge of how things are going as nothing else can. They afford an opportunity for contact with staffs of all levels working on the project. This can be significant, in terms of human relationships and of morale, vital matters in the successful operation of an enterprise.

III

There seems to be considerable confusion about what is commonly understood by 'control' of public enterprises by Government and by 'accountability' of these enterprises to Parliament. There is the seeming contradiction between, on the one hand, the principle of maximum autonomy and freedom from interference which are essential for the efficient and proper management of an industrial enterprise, and on the other, the principle of full accountability and of the exercise of the sovereign right of Parliament to concern itself with all matters, however small they may appear to be, in the discharge of Parliament's own function to oversee the application of and accounting for the resources provided under Parliament's own vote and authority.

Without entering into theoretical arguments about the advisability and the extent of the accountability, it may safely be said that Parliament being supreme in India cannot afford to divest itself of its own final responsibility. This responsibility has, for all practical purposes, to be shouldered by the executive Government. Though the Minister may, in the case of corporations or Government companies, be formally responsible only for policy matters, he has, in practice, the ultimate responsibility to account to Parliament for the efficient management of public enterprises under the administrative control of his Ministry.

How best can control be exercised, as to make it really effective? Not, certainly, by the Minister being expected or asked to explain and he in turn requiring the management to explain and justify every detail, incident and activity in the enterprise. For "to control everything is to control nothing. And to attempt to control the irrelevant always misdirects."³

The United Nations ECAFE Seminar on Public Industrial Management held in New Delhi in December 1959 has this to say, in making its recommendations: "Of controls generally, it may be safely

3. Peter F. Drucker, *The Practice of Management*, William Heinmann, 1955, p. 117.

said that, if they are to be of maximum utility from the Government's point of view no less than from the management's, they need to be of the broad "policy" kind and to be concentrated on a comparatively few, well-defined key points. Over-detailed controls inevitably defeat their own objects. Not only do they inhibit the development among managers of a readiness to accept responsibility and exercise initiative; they distract the Minister's attention from the general policy responsibilities that are rightly his, by cluttering his desk with all kinds of matters that ought to have been decided, quickly and finally, at the enterprise level.⁴

Another authority, Prof. Robson, has stressed that "The vital need today is not closer financial accountability or the supply of information on the accounts of nationalized industries to Parliament and the public. It is to discover whether these great undertakings are operated with a reasonable degree of efficiency, and to find out what efficiency connotes in this sphere."⁵

The need for the enjoyment of adequate autonomy by the public enterprises in the interest of their most efficient functioning has been greatly emphasised in recent years. What perhaps has not received fuller attention is the fact that autonomy and control are two sides of the same coin. The larger the organisation and the scale of operations the greater the need for autonomy and equally greater the need for more imaginative control. What is important here is that the system of control should be of the right type and not one which misdirects attention to unimportant things and neglects important ones. *The more appropriate and well-designed is the system of control and of communication, the greater the confidence which the management of the enterprise has in it, and the greater is the initiative the management can exercise freely and confidently.*

The problems of control and of communication are essentially the same. What are the tests of sound communication and control? A few may be suggested here. It seems best that any test should be objective, and should provide wherever possible a scale of measurement.

The measuring of performance upon the time and action schedules for the project and its working, and towards its stated objectives, is a good test. It is a mark of sound programming in detail that there should be time and action schedules for every phase and sector

4. United Nations, *Public Industrial Management in Asia and the Far East*, ST/TAO/M/15, New York, 1960, p. 14.

5. William A. Robson, *Nationalized Industry and Public Ownership*, London, George Allen & Unwin, 1960, p. 202.

of a project, taking into account the realities of the situation, such for example as the availability of plant and machinery, the enlistment and training of personnel, the availability of transport, and so on. If the mode and content of communication and control between Government and the management have been properly devised and observed, the chances are that performance will match and even better the time action schedules.

Another test could be a general reputation of clean working. This does not mean mere absence of complaint. The general reputation of working in any management is something which, to my mind, is clear and substantive. It is like the goodwill of a firm, which is built up largely by the manner in which the affairs of the firm are managed. But it seems important to remember that the test of general reputation of clean working should be objective, and not subjective to the person or party applying the test. Third and perhaps most important of all, is the state of morale. Morale is indivisible, especially between the controller and the party controlled. Morale is sensitive to the modes of communication and of control. It is an essential element in the discharge of responsibilities.

To quote from the article on "Delegation and Accountability"⁶: "It is no good for a parliamentary committee or a Board of Directors or a chief executive in a mill to say that his morale or their morale or the morale of those who are answering to them, is such and such. I contend that morale in a community is indivisible. My morale is only as good and will tend to be only as good as the morale of everybody around me—both upwards, and downwards and sideways. I think the law of osmosis applies here."

Another test, and one that is clearly objective and measurable, is the working result, and the balance-sheet and audit report of an undertaking.

IV

A few suggestions may be made here for improvement in methods of communication.

With experience building up in many different places, there is scope for introducing systematic methods for the exchange and pooling of experience in communication and control. One way of making this possible is to include many enterprises within a single organisation and a single management, such for instance as Hindustan Steel and the Fertiliser Corporation. In one Ministry dealing with a large

6. *Op. cit.*, p. 15.

number of different kinds of State enterprises, a Co-ordinating Committee has been set up. There is scope, however, for devising a system which would act continuously as a sort of clearing house and repository of the experience in communication and control.

There are many matters which closely affect managements of all enterprises and the pooling of experience will be of mutual benefit. These include perspective planning, sound programming in detail with time and action schedules for every phase and sector of a project, accounting methods, investment and price policies, foreign collaboration, service conditions and pay scales of senior personnel, and incentive systems. It would obviously be in the interest of sound and balanced development of the public sector to ensure that public enterprises follow somewhat uniform policies in these matters. In these needs, guidance which Government must necessarily give should obviously be based on the fuller pooling, analysis and exchange of experience; a process which will itself throw up some problems of communication.

Under our system of Government, the Minister is assisted and advised independently by the Secretariat; and it is the Secretariat as such which represents the Ministry and the Government in appearing before the Public Accounts and the Estimates Committees of Parliament; and undoubtedly the same will be the case of any special or Standing Committee of Parliament which may be set up specifically for the purpose of overseeing the management of Government enterprises. Yet there is little or no "specialist" aid available within the Secretariat for effectively analysing, finalising and apprising the working of an enterprise and of its results and problems. It has been said that communication in these circumstances between Government and management can tend to fail achieving, if not actually to defeat, the proper purpose of communication and control. The Third Plan recommends the setting up of technical cells in the Ministries for planning and evaluation. Great care would be needed in the establishment and manning of any such cells. The specialist head of such a cell would need to have the requisite ability, and to inspire confidence in the management of the enterprise itself. With the extreme shortage of technical manpower, the problem is not by any means an easy one. There is the danger of setting up seemingly but not truly competent intermediaries between the management and the Minister. This could block effective management and also diffuse responsibility. It is to be remembered that many of the skills and kinds of specialisation required for the new enterprises are still in the hands of foreign parties.

One way of improving the quality of communication between the Government and management would be to have more frequent

exchanges of assignment between the enterprises on the one hand and the Government Secretariats on the other. This would provide valuable knowledge and experience on both sides.

Joint consultation and joint review between the Government and management are useful. But it would be worthwhile to keep in mind the following considerations :— Firstly, consultations and reviews should not be overdone. You can have too many consultations and too many reviews. In the second place, the result of a consultation or a review should crystallise out in a document. One of the most fertile sources of controversy in every sphere of human activity is where good and honest men consult or confer together and thereafter depend each upon his own memory or interpretation of what was said, concluded or decided, or agreed upon. It happens in every sphere of human activity, day-to-day administration, politics, and the like. And, therefore, it needs stressing that every consultation or review between the Government and the management should result in a due record, brief but clear, particularly as to the point upon which conclusion, decision or agreement was reached. The third caution which appears necessary is that a consultation or review should not lead to confusion or diffusion of responsibility. This seems obvious; but it seems worthy of special attention.

Visits by officers from the Government headquarters to enterprises should also not be overdone. There is no great danger of this and perhaps the need for some time to come will be rather for more visits than have been possible in the past. The temptation has to be avoided of telling people how to do the job, or of upsetting the line of responsibility and authority. It is best for visiting officers to consciously abstain from performing "line" functions (this is fairly obvious), and also from attempting to perform "staff" functions when visiting the project. A good deal of self-denying is necessary about visits; for there is always a fair amount of pressure, including pressing invitations from the management to visit the project. Functionaries from headquarters should go to learn and understand, rather than to tell people on the spot how to do their job, or worse to throw their weight about.

The system of reporting also needs improvement. How few should these reports be? What exactly should they contain so as to be effective in the function they are intended to perform, namely, to convey a picture, true, clear, and sufficient to enable effective control without undue invigilation? This is a problem which deserves some attention. Mere multiplicity and bulk of reports can tend to defeat the purpose. The reporting system should be so designed as to serve


as an indicator of the effectiveness of the management of the enterprise in achieving its objectives relating to production, costs, efficiency, morale, public relations and so on.

An important future development to consider is how far, and in what ways, can new modes of communication and controls and accountability, of delegation and autonomy, be devised so as to take advantage of developments in statistical theory and practice, computer techniques, and of the tools of cybernetics?

In what ways also can quicker, more massive, and new means of communication (such as closed television circuits) be taken advantage of so as to devise new methods of communication and control in the management of industrial enterprises? And how are any new modes so devised to take into proper account human values in the management and operation of undertakings?

Furthermore, how far does the increase of industrial, economic and social activity (for instance in the sheer number of enterprises) compel simpler, more rapid, more systematised methods of accounting, measurement, control and communication so as to be effective at all? There is a limit to the number of committees that can be set up; the number of members of Parliament is limited; there is a limit to the number of hours of work that any one can do either individually or in a group; is this not itself a limiting factor in exercising due and proper control? And if it is, how is the amount of communication and control to be maintained within such bounds as will make it effective?

Communication is the nervous system of an organisation. It needs to be devised and adopted to its purpose, which is more than merely to serve as a regulatory framework. Modes of communication need to be improved, and even to be newly devised to fulfil the main purpose, which is the accomplishment of results, the development of managerial competence and initiative and the attainment of the objectives and purposes envisaged in making the investments in Government and enterprises.



MANAGEMENT OF STATE INDUSTRIAL UNDERTAKINGS

N. C. Shrivastava

THE public sector is destined to play a dominant role in the economic growth of the country. The total investment in the public sector in industries and minerals during the fifteen years of planning till 1965-66 will be of the order of Rs. 2400 crores which is a staggering amount. The public sector has numerous mammoth projects engaged in the production of basic necessities, such as coal, steel, oil, fertilisers and machine tools. Inevitably, questions arise in the public mind whether these projects are well organised to run with the utmost efficiency and whether they would bring to the country the benefits that are expected of them. During recent years a good deal of attention has been focussed on the organisation and management of public enterprises and a large volume of literature has arisen on the subject.

This brief article does not pretend even to touch upon all the main problems of management of public enterprises. Only a few problems have been referred to and these are not necessarily those which may be regarded as the foremost needing attention.

As the Third Five Year Plan emphasises, public enterprises must be run efficiently and show results. While much has been written about what constitutes efficiency and how it is to be measured, broadly speaking and taking a practical view, it could be said that the aims of efficient management should be to work at an optimum level of production, produce quality goods, ensure that the cost under every head is kept down to the minimum and maintain the equipment properly so as to make it last the longest. In addition, efficient management would promote a market for its products and create and maintain good relations with the consumers and the public generally. It would further work towards healthy industrial relations, be a good employer and at all times promote the well-being of the employees.

In practice, the task of management bristles with difficulties, particularly in the present stage of development of the economy, when several big public undertakings are being set up at a fast pace and with extremely limited resources of raw materials, equipment, transport and communications, power, etc. In particular, the lack of trained manpower in different fields and at various levels makes the management task very complicated and difficult. The difficulties are aggravated

by the fact that the social and economic structure as well as the legislation and trends of thinking, under which the public enterprises are growing, are simultaneously undergoing rapid transformation.

Some time back, ideas on even certain basic matters were not very clear. For instance, there were different opinions on the question whether public enterprises should be controlled directly by the Ministries of the Government, by statutory corporations, or be in the form of joint stock companies. Lately, these ideas have crystallised and public enterprises today are mostly taking the form of joint stock companies. The pattern of their relationship with the Ministry and the Parliament is gradually becoming clearer, though decisions on many matters have yet to be taken and healthy conventions would take time to develop. It is being increasingly recognised that public undertakings should function as more or less autonomous bodies with ministerial control only in respect of the broad policy matters and no interference in day-to-day work. Although many public enterprises have been registered as joint stock companies, it would be a mistake to assume that they have begun to function as autonomous bodies. In the nature of things they will remain dependent on Ministries for guidance and help for some time. Many corporations had their origin in Government departments. The manning of the top management is mostly by those accustomed to Government methods of work. In this context and in the absence of their own working systems, public enterprises too often tend to operate on governmental rules, regulations and procedures. For instance, the fundamental and the supplementary rules, the Government Servants Conduct Rules and the instructions issued by Government in amplification thereof, the Government pay scales, etc., are either still applicable to many projects or are used by them as a guide. The office procedure is often the same as in a Government office. Similarly, the accounting and stores purchase procedures are tied down to the standard procedures followed in Government departments. Until the public corporations frame rules and systems of work suited to their requirements, they would tend to function and be treated more or less as a subordinate office of a Government department rather than autonomous bodies. The efforts to devise and introduce rules, regulations and procedures suited to commercially operating undertakings and to modify those already drawn up need considerable intensification.

The building up of a fully-manned organisation for a new enterprise is an uphill task. The shortage of qualified and suitable persons for management, financial and cost control, technical production, etc. is acute. With the ever increasing number of public enterprises springing up all over the country, it is really very difficult to find suitable

persons for appointment to responsible posts which frequently remain vacant over long periods. Most undertakings have long lists of posts which have remained unfilled in spite of several advertisements, and of efforts to get persons on deputation from various cadres. A good deal of use, in these circumstances, has to be made of those no longer young. While their long experience is no doubt an asset, the fund of experience often tends to develop a resistance to new ideas. Intensive training in many fields is being organised by the public enterprises and by an increasing number of institutions of diverse kind. Considerable enlargement of these training programmes is needed; but even so, the products of these institutions and training courses would lack experience and maturity. There is, however, no alternative but to entrust the younger generation with higher responsibilities. Rare mistakes apart, the youth will not be found wanting, making up by sheer hard work, enthusiasm and eagerness to learn the new techniques, what they lack in the way of experience. A bold and imaginative approach is needed in the matter of recruitment and development of personnel.

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Proper functioning of the enterprise requires perfect co-ordination and team work on the part of several departments such as production, purchase, finance, personnel, sales, etc., and co-relating and dovetailing of those activities to produce a balanced flow of output, without interruption of production due to bottlenecks like shortage of materials, power, transport, equipment and spare parts. Each head is responsible for the proper functioning of the department in his charge. His work, however, impinges on that of practically every other department and he has constantly to make adjustments. Differences in outlook are bound to arise and have to be discovered in time and reconciled by personal discussions. Frequent meetings, formal and informal, at which heads of departments freely discuss their problems, as also the general problems affecting the interest of the enterprise as a whole, are essential for smooth working.

The functions of management need decentralisation to the maximum extent, so that too many references to the higher levels within the enterprise may be avoided and each executive may take final decisions within the powers allocated to him. The chief executives in charge of major departments like purchase, stores, sale, finance and personnel as well as the 'shop' heads should have the authority for final disposal of certain types of cases. The delegations should be laid down in unambiguous terms and enforced strictly. Hesitancy in

taking decisions within the field of delegation should be checked. The higher authorities should however keep a watch on the exercise of the delegated authority to ensure that decisions are being properly taken.

On the production front, proper management involves advance planning and fixation of targets as a regular practice. An annual production budget if carefully prepared in consultation with the production staff is a useful tool of control. Plans should be prepared for shorter periods also, *e.g.*, for every month. The targets should be laid down well in time every month taking into account the demands for finished goods and various limitations in regard to the availability of raw materials, power, water, etc. While production plans must be centrally prepared, they should be based on consultations with those in charge of the production departments. Any tendency to keep the targets low which would not call for the maximum effort on the part of the shop staff should be curbed, and the maximum output consistent with the resources available aimed at. The management should at the same time probe into the reasons why the shop staff favour lower target, locate the limiting factors and take steps to remove them. A constant process of pressing the staff to produce more and helping them to do so is needed. Frequent discussions with the shop staff at more than one level would help to bring to light factors which are tending to limit production, making it possible to take remedial action. A shop which is failing to work up to the set targets would be only too happy to point to faults in another shop for the lower production, but would not easily disclose its own shortcomings. Constant vigilance is required to keep all departments working up to the mark. Rigid discipline in regard to production planning and careful watch over the performance day by day, to see whether the rates of production are being achieved, are necessary.

For the sake of operational efficiency, the management must be well informed of the happenings in each production department. The information may be secured through periodical reports and returns, such as those showing the consumption of raw materials, stores, power, and water, output and wages of labour, machine utilisation, adherence to the preventive maintenance schedules, etc. In a fast operating enterprise having a number of departments each closely dependent on the proper functioning of other departments, it is essential for the top management to be informed about the daily performance of each. For this, a centralised agency to collect daily information from every department, not necessarily through the head of the department, may be required. In fact the problems of co-ordination amongst the operating units of a large enterprise have to be dealt with

so urgently that collection of information from every part of the enterprise even on an hourly basis may be necessary. Obviously, information required at such speed cannot be obtained from written reports or even on telephone. Speedier methods of modern telecommunication, which are not always available easily, have to be used on an increasing scale in association with a central control room for receiving information and transmitting instructions.

One of the foremost tasks of management is to keep a close watch on the production costs and promote cost consciousness amongst all classes of employees. The primary need in this connection is to have norms for the utilisation of materials, machines, labour power, etc. Here again, since the new enterprises are mostly in fields in which hitherto there has not been much activity, the fixation of norms appropriate to the local conditions would take a little time. Norms adopted in other countries may, however, serve as guide. Within the enterprise itself, if the cost of production is watched continuously over a certain period, it could be seen whether the costs are tending to fall as conditions stabilise and the employees gain experience. Any aberrations would have to be explained by the production in-charge.

Another instrument available to the management to check costs is the production budget which helps to disclose shortfalls in performance and excessive expenditure.

Increasing emphasis is being placed on public undertakings running on commercial lines and earning large profits. Comparisons are made between one undertaking and another on the basis of the profits made. While profits provide a convenient measure and are easily ascertainable from the published balance-sheets, other factors have also to be kept in view in drawing conclusions. Certain enterprises, for example, are free to produce the range of goods which they find advantageous without any price restrictions. In the case of another undertaking the range of goods, which it shall produce, their distribution as well as prices are all controlled by outside authorities. Obviously, comparison of profits of undertakings having widely varying degree of latitude in regard to their operations may not give a correct picture. Moreover, an enterprise which may seemingly be operating efficiently as judged from the profits made in a particular year may, in fact, as may be discovered later, have been neglecting its assets by improper maintenance and need heavy expenditure on capital replacements earlier than the normal life.

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The need for proper management of the human resources in an undertaking requires no emphasis. Well-contented workmen are a valuable asset and matters concerning their welfare such as provision of residential accommodation, facilities for the education of children, medical attention, transport, recreation, safety, canteens, etc., need close attention. Apart from these, the very natural desires and aspirations of rising to higher positions, have to be satisfied. There should be training facilities, to enable the employees to equip themselves for shouldering higher responsibilities. The system of promotions should, as far as possible, provide for objective merit rating and tests, leaving no room for subjective assessment.

The scarcity of skilled workmen constantly presents a serious problem to the management. Even where workmen are available with basic skill, it is often found that they have no experience of the special kind of work on which they are employed. A certain measure of adjustment and re-orientation is required before they are in a position to give the maximum output. In several specialised trades there is usually an extreme difficulty in finding the right type of persons and inducing them to stay on the usual terms. In newly started enterprises a good deal of effort may be required to find the workmen, shape them according to the special requirements, to make them feel at home in the strange surroundings and to get work out of them as a team. These practical difficulties are seldom realised by those outside the enterprise.

The feeling that the management is fair in the matter of recruitment and promotions is a major morale-sustaining factor. The workmen expect also that there should be clear rules and standing orders for their guidance which will tell them about the payments to be made to them, and contain provisions regarding leave, holidays, discipline, etc. These rules should be easily understandable and their strict observance by both the management and the workmen will help discipline. Newly started public enterprises may experience some difficulty in enforcing regular time-keeping and there may be high absenteeism. In regard to these, the management again has a part to play in educating the workers so that their time-keeping and habits of work improve, they come to appreciate the objects of the enterprise and become aware of its progress generally.

Too often difficulties of management arise due to inter-union rivalries and the absence of any one strong and representative union. Where such a union is in the field and has been recognised, consultations are facilitated and the exchange of ideas is mutually beneficial. Unfortunately strong unions do not exist everywhere and the union

officials and workers are far from a position in which they could play a useful role in promoting the interests of an enterprise. Very often they are fully occupied only in putting up stray representations in regard to various grievances of individuals. A constructive approach towards the furtherance of the objects of the enterprise is often lacking. The union can, by educating the workers, greatly improve general discipline in the undertaking and inspire them to put in greater effort towards increasing production, economising on raw materials and maintaining the machines and equipment in good order. Under ideal conditions, the management and the union would have the single joint object of ever striving towards the improvement of the efficiency of the enterprise. On the contrary, there is often mutual suspicion. Both management and unions have to go far towards reorienting their outlooks and establishing healthy relationship of mutual respect and joint endeavour. The recent experiments in workers' participation through joint management councils underline the importance of preparing the workers in advance for their new role.

In a newly established public enterprise a proper wage system has to be worked out. This involves fixing of job descriptions and job evaluation which are by no means simple tasks particularly when most of the enterprises are breaking new ground. A monthly system of wage payment with fixed annual increments as in Government departments may not stimulate effort to the same extent as piece-rate system combined with increased wage rate for output in excess of the norms. Some such system would encourage production and discourage late attendance, absenteeism and slackness.

The workmen should be fully associated with the planning of production and should feel a sense of satisfaction when the targets fixed are achieved. Every opportunity should be given to them to make suggestions for the improvement of the techniques, and a system for rewarding those who make useful suggestions should be instituted to stimulate interest.

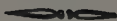
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Much is expected of the public enterprises in the Third Plan, not only in the form of essential products urgently needed by the country's economy but also of cash surpluses for the purpose of further investment. The task of setting up these undertakings and running them efficiently so that their yield comes up to expectations is one of staggering magnitude. Yet it has to be accomplished. In spite of the severe limitations, results must be achieved. Those engaged

in execution and operation of public enterprises have to devote themselves whole-heartedly and unitedly to the single aim of completing the project at the earliest and securing the maximum output from it. There is no difficulty that cannot be overcome, given the will and the determination. The tasks are new and are being carried out against many odds. Lack of experience being a major handicap, there is need for systematic study and self-criticism within the enterprise itself with the object of achieving continuous improvement. There can be no room for self-complacency. There should be abundant informed public criticism of the kind which would lead all those responsible for the affairs of the public enterprises to think and re-think and strive towards improvements all the time.



PUBLIC CO-OPERATION—ROLE OF VOLUNTARY ORGANISATIONS

J. F. Bulsara

INDIA has set as her objective development in a democratic way. This is bound to be slow, but it can be steady and sure if extraneous forces do not deflect her from her charted course by involving her into destructive and therefore impoverishing conflicts. Since she has chosen the democratic way of developing her economy and improving the low standards of living of her vast masses, *her need for public co-operation is going to be very great indeed.* This co-operation can be called forth only on the basis of the *fullest possible enlightenment of the people regarding her programmes, projects and policies.* And the people mean all people or at least the majority both of workers and leaders. Here, we have to apply the test of detached scrutiny to find out whether the entrepreneurs are fully co-operating with the Government in the development of industries, the peasants are co-operating with it to increase agricultural production, and the workers are co-operating with the entrepreneurs for higher per capita productivity. For, it is only by developing national resources and increasing production that we can expect to increase national wealth, and by the equitable distribution of the increased national product, we can help raise the all-round low standards of living of the generality of our people.

A broad examination of the extent of co-operation received from or withheld by the various sectors of population will reveal to us how far governmental and other organised agencies have succeeded in their methods and techniques of evoking public enthusiasm for the country's general overall economic and industrial development, for the enforcement of their legislative enactments and administrative measures as also for spontaneous social reform, cultural progress and eradication of social or anti-social practices. Taking a few outstanding efforts of Government to enlist public co-operation, let us examine the functioning of some measures of social and industrial legislation, of the Community Development administration, of the grant-in-aid system of the Central Social Welfare Board, the activities of the Bharat Sewak Samaj and like bodies, in order to find out both the extent and nature of the co-operation and the value of the techniques employed to elicit or enlist the same. We will have to do this in a very broad, general and *ad hoc* manner, as we have no specific evaluation reports of all the governmental activities except for the Community Development Projects and the grants of the Central Social Welfare Board.

SOCIAL AND INDUSTRIAL LEGISLATION AND DEVELOPMENT

Here we may consider the example of the Prohibition law enforced in certain States. The fact that all States have not adopted Prohibition indicates that there is no unanimity on the wisdom or advisability of the introduction of such a measure among the adherents of the ruling political party. Further, in some of the States, which have introduced it, relaxation had to be made in the case of foreign visitors and some local residents. Not entering into the merits of the question and looking purely from the standpoint of attracting public co-operation with regard to such social legislation, public co-operation is bound to be almost negligible because sympathetic people have neither been prepared for it by cogent and intelligent propaganda, publicity or education, nor the opponents convinced about its utility in the form and manner of its enforcement. The result has been just the contrary of what was expected except in the case of the already converted. The opposition has been from many quarters, which would have been otherwise sympathetic, and the value of the measure has been frustrated. The lesson to be learnt is that legislation alone cannot eradicate social defects or secure public co-operation even when an enactment is clothed in a moral aura. If it arouses widespread opposition, or what is worse, loss of respect for the law among decent, law-abiding citizens, the measure cannot be said to be successful. In brief, the strongest or wisest Government cannot elicit public co-operation on any reform unless the public are convinced of its utility. We have still to assess whether such legislation as carries little conviction to large sections of people, does not bring in its train ridicule, cynicism and overt and covert disregard for laws other than the one that people object or are indifferent to. It can destroy the basis of co-operation between Government and the public and may even bring in much greater opposition from various sectional interests. One feels very strongly that in the face of circumstances obtaining in the sub-continent and the historical experience of other countries, which had introduced similar measures, a well-conceived, Government-sponsored, systematic *Temperance Movement* would have achieved much more substantial results without the untoward repercussions of this partial and unenforceable prohibition policy. What is more, it would have enlisted a vast amount of honest and zealous public co-operation from men, women and youth and antagonised none—a great asset which any sensible Government would value.

Let us look at the Labour Laws, Company Laws and other industrial legislation which is being enacted at a rapid tempo in our country. It may be said that since 1949, the Indian Parliament and State Legislatures have been busier than ever before in the country's history, in

forging a variety of legislative enactments. The rapid succession of ill-digested legislation has somewhat unnerved the public intimately affected by it. Whether it has won the active support of others, it is not easy to judge. But one can say that in spite of stray opposition here and there, by and large, the development planning of Government and legislation in its support have been appreciated by labour, entrepreneurs and the general public; and the impetus given to agricultural and industrial production and productivity has met with a keen response from the public at large. That there have been criticisms and complaints and whines and whimperings from quarters, which desire the *status quo* or a faster advance or development, should not detract from the overall policy and programmes of Government with regard to promoting increased production in the agricultural and industrial sectors.

THE COMMUNITY DEVELOPMENT PROGRAMME

The Community Development programme has been working since October 1952 and has passed through various phases of Block Development, National Extension Service, Intensive and Post-intensive development, government-activated and community-activated programmes. It has paid particular attention to the principle of co-operation and mutual aid in all its forms, such as credit, consumption, storage, marketing and production. The latest development of the programme of community organisation and development is the devolving of local self-government in the form of Panchayati Raj. While wanting co-operation on the widest possible canvas of the national fabric, we do not seem to get away from the idea of '*Raj*' or '*Rule*', which consciously or unconsciously implies that a section of the body politic rules or gives orders, and another section is ruled or obeys and carries out the orders given by the ruling section. This is not exactly the theoretical implication of a genuine democracy, but since we are slowly evolving towards such a state, we will have to put up with the interim contradictions inevitable to an evolutionary process.

Enough has been said about the various aspects of the Community Development Projects over the last eight years and substantial reports have appeared on the evaluation of the approach, the techniques employed, the variety of personnel and their functioning, the preparation of the community, the results achieved in proportion to the vast expenditure incurred, etc. We will not cover the same ground here but only allude to a few points, which bear on the question of public co-operation and the role of voluntary organisations in the overall improvement of social life. The farmers have given their co-operation in so far as the vast amount of assistance benefitted them

directly through various practical programmes of seed-distribution, use of improved implements and adoption of demonstrated effective techniques for increased production of crops. The village communities have participated according to their mite in putting up public utilities like school buildings, wells or reservoirs, roads or village paths, pavements, etc. Those who can afford have taken to building better houses and quite a few have introduced sanitary conveniences such as improved latrines, domestic comforts like the smokeless *chuhla* (hearth), windows for ventilation, etc. The landless labourers and the backward communities have not fared so well, nor have the women come out in substantial number, either to participate in the various programmes or in building up their own agencies to look after their own progressive improvement and welfare. Health measures, family planning and social education have evoked only a partial response, whereas children's education has met with much greater success among all sections of the community. The Bharat Sewak Samaj, the voluntary but Government-financed all-India organisation, did evoke in its earlier stages a substantial response from retired professionals, technical and lay employees, well-to-do persons and a host of ordinary run of citizens, but as a voluntary body it has failed to maintain the high expectations aroused about marshalling voluntary service as also to channel effectively the available leisure of its members in constructive social or community work and undertakings. Some of the doings of some of its members have not been above criticism, especially when it is known that in a country of such vast proportions and widespread poverty, there will always turn out to be adherents who may expect to profit by joining such an organisation either pecuniarily, by way of social prestige or political or other advantage, and wise organisers should have taken proper steps to guard against such eventualities.

PUBLIC CO-OPERATION IN A WELFARE STATE

We have referred above to some aspects of the functioning of our constitutionally declared Welfare State in order to see how far it has succeeded in eliciting or enlisting public co-operation in the direct or indirect furtherance of its own development plans, projects and programmes, as also in evoking organised voluntary effort in promoting the general economic well-being of the people and their social and cultural advancement. It will be seen that in the complex democratic structure of modern society, a welfare state cannot look for co-operation from the people only with respect to its specific social or industrial legislation, or specific developmental programmes. It has to seek public co-operation on almost every phase of governance and the entire multi-faceted development of the people in the social, economic, educational, cultural and moral fields.

To ensure this, every Government, central, state or local, including the cabinet and bureaucracy, must command the overall respect and confidence of the general public with regard to the integrity of their actions, behaviour and intentions. The greater this confidence in the machinery of Government and its members with whom the public come into direct or indirect contact, the greater will be their willing, loyal and whole-hearted co-operation. There is no sphere of social and political life, where example is a hundred times better than precept. From what one sees, hears and reads, one wonders whether this could be said about almost half the number of our ministers or members of the bureaucracy down to the chaprasi. Obviously the public co-operation is to that extent halting, hesitant or deliberately withheld.

THE EXTENT AND METHODS OF PUBLIC CO-OPERATION

In any economy, some persons and groups will always grumble and some will be genuinely hard hit. This is inevitable in any society which is so unevenly structured as ours, and it is an inevitable price it has to pay for its rapid change from an unplanned and unequal evolutionary past. Nor should any Government expect in such circumstances cent per cent co-operation or cent per cent of the public side with them. According to the composition of a particular body politic, its level of intelligence, the general character of the people, the extent of informed opinion therein, and the size of its local communities, it would be an achievement if Government can obtain a maximum of 50 per cent and a minimum of 10 per cent public co-operation. For instance, in villages of less than 3,000 or 4,000 population, in enlightened business communities and like smaller groups and interests, if Government can obtain from 30 to 50 per cent of active co-operation from the affected public, it should be considered satisfactory. In large, amorphous cities and metropolises, with such a wide heterogeneity of peoples and interests, one can hardly expect even 10 per cent of the hydra-headed population to co-operate willingly, spontaneously and actively, even if the new programme or activity may favourably affect the entire body of citizens. There are many reasons for this apathy, the strongest being the fleeting and impersonal character of a large city with a million or more inhabitants. It is a sad reflection on our ability to plan coherent communities in cities that we can hardly ever get near unanimity on any single objective except the city's defence against imminent attack by an enemy, or its protection from destruction by fire, flood, earthquake or epidemic. In the latter case, considerable iron discipline and strict regulatory control have still to be imposed if all the elements in the variegated citizenry are to be made to conform in the interest of the community and country as a whole. This

naturally invites attention to *techniques* of enforcement or regulatory measures to which we will refer later in this article. Suffice it to say here that the art of eliciting public co-operation is a recent development of scientific public administration, which Governments, nurtured in the schools of traditional politics, have yet to learn and master, in spite of the demonstration of certain techniques under Soviet communism, or Fascism, Nazism, and other like political ideologies. The ways, means and methods of evoking willing public co-operation in a free or democratic society have not yet been studied carefully or put on a scientific basis.

An *appeal to the citizen's patriotism* and *inducement of financial assistance* have been the two methods extensively used by Governments for centuries to foster public co-operation. The first, however, is effective more in times of external danger, real or bolstered up—at times even by specious propaganda. The second is a short-lived technique as no Government can eternally pump free grants of money to get intended work done by the loosely organised public, when it has at its disposal an organised and paid machinery of bureaucracy. We must, however, readily admit that the above two methods of an emotional appeal to local pride and patriotism and a free, restricted or conditional grant-in-aid system are, and will remain for long, effective techniques of calling forth a good deal of voluntary effort and public co-operation. The Central Social Welfare Board, with its extensive grant-in-aid programme to voluntary welfare organisations, constituted by the Government of India in 1952, is an example of the second method.

A third technique, which we find employed increasingly by all democratic Governments the world over, is the much boosted community development programme of offering government assistance in the form of development expenditure, technical or expert advice, and bureaucratic co-operation and guidance. In our country, this has taken the form of the Community Development Administration on a country-wide scale, promoted as a multi-purpose programme of rural development, in order to promote agricultural improvement and increased production of food, to further the rural co-operative movement for agriculture and small-scale industries by way of facilitating credit, consumption, marketing and production, and to spread health, education and social welfare activities in villages. This is one of the most elaborate and ambitious programmes undertaken by any Government to harness voluntary co-operation and bureaucratic drive to a single chariot in order to reach the goal of national self-sufficiency in food production and ancillary rural industries, and thereby raise the appallingly low standards of living of her rural masses.

CONSULTATION WITH AFFECTED GROUPS AND INTERESTS

Another feature of governance, essential in a democracy seeking public co-operation, is a continuous readiness to consult representatives of various interests when legislation or administrative measures affecting them are sought to be introduced. In very rare cases can secrecy, taking the public unawares and last moment dissemination of information be justified with regard to the ordinary economic, financial and political affairs or transactions of the state, or legislative and administrative enactments to regulate the same. Constant complaints about the ruling party ignoring sectional, commercial and industrial groups or interests, on matters which affect them intimately, have been heard right since Independence. This shows a lack of trust in the general public on the part of the ruling party, a lack of confidence in their own policies and programmes, and lack of trust, or distrust and mistrust begets *its like* among the general public or sectional interests vis-a-vis the Government. Nothing can vitiate more the climate of public co-operation than unnecessary secrecy about governmental actions or intentions. It is therefore essential to devise a regular machinery of consultation with pertinent interests and sections of affected public in all matters of social and industrial legislation, except in the few cases of budgetary or other like confidential matters of state, if the Government desires whole-hearted co-operation of the public in the rapid and effective implementation of its programmes. It has to be realised that democracy is government by the consent of the people.

DEVELOPING COMMUNICATION MEDIA

From the very fact that a democratic Government seeks the co-operation of the general public and organised voluntary agencies, it follows that there should be devised all possible means or avenues of *communication* between statutory agencies or departments and the people at large. Complete information about the long-range objectives, the short-term aims, and the immediate targets of every programme should be given to the public and especially the interested sections thereof, through all channels available to Government. One feels this is the weakest link in the complex chain of economic developmental planning as well as Government's political zeal for social reform and cultural advancement. At one end, Government is impatient and in a hurry on the plea that time is of essence in raising people's standards of living, at the other end, vast masses of the population are illiterate, the majority of those who can read or write cannot afford to buy a newspaper or have not cultivated the habit of reading, a good deal of our published material is in English—a language which is a sealed book to

99 per cent of our population, and much of the oral talking is done by people who can speak English better than the people's vernaculars and dialects. The obvious channels of communication, *viz.*, the schools and school teachers, have not been systematically availed of, the Village Patel or his equivalent is not a knowledgeable local official; the Gram Sewak or Village Level Worker has too many officers and visitors to attend to and too numerous duties to perform; the broadcast receiver set is still most haltingly used and introduced because its maintenance in villages has not been put on a systematic efficiency basis. With all this, the finest physical medium of public communication, *viz.*, good roads are largely lacking in the vast countryside and hill areas, and one can therefore understand that sometimes as many as 50 per cent of the people of a village, served by the Block Development programme, have been found on survey to be ignorant, or even unaware of its existence in their own or neighbouring village.

In our village fairs or weekly markets, in our local religious festivals, in our pilgrimages, we have heaven-sent media of public communication. People assemble there from surrounding villages, from neighbouring districts and from adjoining States, even from all over the country, thousands of miles away. Languages spoken in the places of pilgrimage may be several, but we have effective mass media of communication in intelligent and intelligible pictures, posters, films and a variety of audio-visual material and devices. One feels that any Government would be averse to make the maximum use of these spontaneous gatherings of vast multitudes of people, collected together without spending a pice on publicity, to give them desired and useful information and education on matters that affect their daily life, their health, their progress, enrichment, and simultaneously enlighten them as to what Government is doing to serve them and develop their and the country's resources. One does not find much thought or enthusiasm given to this heaven-sent media of easy communication available in an otherwise vastly illiterate country—the drawback of illiteracy is felt all the more in making rapid strides with planning and implementation of plans.

PREPARING THE PEOPLE

As stated before, technologically under-developed countries need public co-operation in every field of development, whether the sector of allocation be public or private. The country should therefore have an overall goal and objective, generally acceptable not only to the majority political party but in a broad general way to all parties. This means a certain reconciliation of views and certain give and take.

Fundamentally the goal should be based on social justice and relative freedom of the citizen, and it should aim at a comparatively equalitarian society, with equality of economic opportunity actively promoted in view of the vastly unequal social structure in which most countries find themselves today. India's Constitution and the programme of the majority political party have wisely accepted the above goal of future development and the fundamental basis thereof. What we need are proper techniques to enlist and elicit massive co-operation of the people. This could come about best if at least 25 to 50 per cent of the village communities and an equal number of persons in towns and cities understand and appreciate the programmes. But beyond the mental appreciation, what a vastly poor country needs is the visible fruit of people's whole-hearted co-operation in the improvement of their daily living through increased real family income and better civic services. Whatever programmes therefore people are asked to co-operate with should be such as have a visible impact on their daily living. Some of these must therefore arise from the people themselves. This also requires adequate machinery to gather from a non-communicative people the things and activities which they feel the greater need for. This machinery is still largely in the making. In fact the mistake that most countries, intent on development, seem to be making is to ignore the value of spending a few months on enlightening and educating the illiterate and semi-literate people by fully acquainting them with their intended plans and programmes and getting the affected people's *imprimatur* for them. Wherever a statutory agency has spent a little time, money and energy on acquainting the people in advance, they have reaped rich and rapid results in the subsequent implementation and fulfilment of their programmes.

FOSTERING VOLUNTARY EFFORT AND ORGANISATIONAL CO-OPERATION

As regards programmes of social import or those providing a variety of social services and requiring organised voluntary activity to implement them, Government has to be prepared to foster, promote and help in establishing the needed voluntary social service organisations. India's tradition has been largely towards forming these on a caste, religious or sectional basis. In our heterogeneous society, with neighbouring groups speaking different languages and following different creeds, it would be too much to expect voluntary organisations to arise spontaneously in required numbers to meet keenly-felt civic, social or cultural needs. For a long time to come, a three-fold inducement may have to be given to local communities to organise themselves into service societies and associations, *viz.*, by way of partial grant-in-aid

or meeting full expenses, technical advice and guidance and trained personnel and training facilities. The work of the Central Social Welfare Board bears out the truth of this statement. It will have, however, to be remembered that Government are spending public revenues, which they are supposed to have in trust and which they are therefore expected to spend wisely, well and with absolute integrity of purpose.

MACHINERY AND PROCEDURES

Proper machinery will have to be devised by the Government to supervise this voluntary work and obtain maximum results out of such co-operation. A proper publicity or public *Communication Service* and an efficient *Counselling Service* are required if the public are to respond in required numbers and to satisfactorily accomplish the programmes of services voluntarily undertaken by them. A considerable amount of training of a short-term duration will also be required for all the voluntary workers giving their voluntary services to meet the felt needs of society. Traditional concepts of procedure, incurring of expenditure, official red-tape, routine methods of audit objections and the concept of public accountability will have to be suitably altered in order to facilitate the peculiar type of voluntary work, which was not contemplated to be assisted by Government, when these methods, procedures and rules were originally formulated. These will have to be adapted to the new needs of eliciting public co-operation on a massive scale. Government, moreover, should not feel impatient about creating public interest in social work and welfare through voluntary organisations in a hurry. Public responsibility for social service cannot be aroused merely by spending large sums of money. In order that the spirit of service and public co-operation takes deep roots in every community, considerable demonstration work and public education will have to be conducted through a few selected organisations, who are efficient and who enjoy the confidence of the general public. From such a standpoint, it may have been a mistake for Government itself to create a new or untried organisation like the Bharat Sewak Samaj to marshal or co-ordinate the work of established voluntary organisations. The preponderant membership of this body may have been drawn from Congress workers, active or passive, or Congress sympathisers; and non-party social workers may have been kept away in large numbers.

CONCLUSION

Human society after the last two World Wars has taken on a character in which no Government will subsist long which cannot

fulfil the citizens' expectations of good life and good government. No Government in modern times will be able to accomplish much by way of economic, social, cultural or moral development of its peoples unless and until it carries the preponderant numbers of people with it. The interests of *modern* Governments, democratic or dictatorial, are identical with the interests of the people, and it is because of the ultimate validity of this concept that there should be in every progressive society a genuine, free and willing partnership between the Government or organised administration of the country and its peoples. There are definite techniques of enlisting this co-operation on a massive scale, and used intelligently, they can help Governments in increasing the pace of development as well as running the wheels of governance smoothly, silently and harmoniously, or at least without friction and breakdown.



ADMINISTRATIVE PROBLEMS OF LAND REFORMS

B. Sivaraman

THE planners have laid down the objectives of our land reforms programme as, firstly, removal of impediments to increase in agricultural production as arises from the agrarian structure inherited from the past, and secondly, to eliminate all elements of exploitation and social injustice within the agrarian system, to provide security for the tiller of the soil and assure equality of status and opportunity to all sections of the rural population. Spelled out into detailed programmes the objectives comprise :

- (a) Bringing the State into direct contact with the tillers of the soil by eliminating all intermediaries between the two.
- (b) Enabling the State to get direct control over all communal properties and sources of irrigation, drainage, grazing grounds and so on which are vital to the welfare of the agriculturists so that the middlemen's exploitation of these resources to the detriment of the agriculturists may stop.
- (c) Till the tiller is brought into direct contact with Government, preventing rack-renting of the tiller by his immediate landlord.
- (d) Providing a ceiling for holding of a family or an individual and providing for the distribution of the excess land thereby released from the present holdings to small cultivators and the landless.

In this article, an attempt is being made to give the administrative reactions to the policy of land reforms and the difficulties faced in the implementation and the solutions which have been formulated. Land is a vast subject and the concept of rights, proprietorship and duties arising out of holding of land vary from one part of the country to the other. It will, therefore, be presumptuous to claim that in a short article like this one can cover the vast field of land reforms administration in all parts of the country. There is a bias in this article in that it is based on practical experience of the zamindari system of the land administration prevalent in the eastern part of the country and the peculiar problems arising therefrom.

II

The first objective of land reforms was to eliminate all intermediary interests between the State and the tiller of the soil. This

objective was attacked in two ways. Firstly, the States abolished or took over all the intermediary interests between the owner of the land who had the right to cultivate the land and the State. This part of the reforms has been put through in all the States and is in various stages of completion. The second part was to fix the rights between the owner of the cultivating rights and the tiller of the soil so that one of them was eliminated and there was only the tiller and the State in direct contact. The second part has yet to be finalised in many parts of the country.

The first hurdle the administration had to face in the first part of this programme was a constitutional hurdle. In (1954) S.C.A. 41, the Supreme Court held that compensation to be paid for this abolition or taking over of the right should be reasonable compensation. Reasonable was equated with market value. As there was a good deal of thinking on the subject that it was inequitable to ask the State to pay market value for large blocks at the same rate as for small blocks, a constitutional amendment was put through which made it necessary only to provide for compensation leaving the reasonableness outside the purview of the Law Courts.

The law for abolition of the intermediary or vesting of their rights in the State had necessarily to be of a more or less uniform character for all types of intermediaries. Otherwise, the intricacies of the law would have been so many that there could have been conflicting interpretations of law and consequent delay in the operations. But this uniformity itself has led to certain anomalies. In the parlance of Madras, the right that the State sought to abolish can be called the Melvaram right. The right of the owner to till his land is called the Kudivaram right. Normally, one expects that the Melvaram right would be for large areas of land and the Kudivaram right for small areas. But as both these ideas related to property all the incidents of property have affected these rights and we have the picture of a Melvaram right for an acre or even less in the zamindari areas, specially temporarily settled and we have on the other side the Tanki Baheldar of Puri, whose right to cultivate has all been bundled together as village community right of all the members of the community and the entire village community are shown as the holders of the entire village. Because of the uniformity of the tenancy laws, the latter though a combination of the Kudivaram rights became a Melvaram right. Similarly, small rent-free estates and Service Jagirs have become intermediaries though basically they were cultivators of their own land. This has led to certain anomalies in rights given to their own tenants in the areas through the Estates Abolition Acts.

The above anomalies have led to certain administrative difficulties which are very much apparent in the administration. Though the previous tenancy law had put together the various intermediary rights of the above nature under one group, the administration was interested only with that group who pay land revenue or cess directly to the State. This class of Melvaramdars comprising permanent and temporary settled estates and large tenures were checked from time to time and the record of such properties and their owners kept fairly up-to-date. In the class where the State had no direct interest in rent or revenue collections the records were allowed to get out of date and in many cases the records did not exist. This situation has led to certain grave administrative difficulties.

In both Bihar and Orissa the Estates Abolition Act originally provided for individual notices to the owners of the Estate and publication of the names of the owners along with the names of the estates abolished. It was found that the State did not know in most of the cases the nature of revenue-free and other small estates and who the owner was. Both the Acts were amended to provide for blanket notification vesting the estates in the State and leaving it to the party to file their claims. Though this solved the problem of vesting, it has not solved the other problem arising out of the vesting. Where third party rights have been created it was necessary to know who gave the rights and whether they had any interest in the estate. Luckily, such cases were few; but the basic requirement, namely, payment of compensation to the intermediary was held up completely for lack of information as to who was to receive the compensation. This problem is still very much before us and has slowed down the pace of abolition of such estates.

Another big administrative problem has arisen where the intermediary was a religious institution. Along with the abolition of the Melvaram rights of the intermediary the various legislations attempted to give the right of ownership to land for the purpose of tilling to the existing tiller of the soil. In the case of large endowments of land made to religious institutions the religious institution was never the tiller of the soil for obvious reasons because the property belonged to the deity. All the land therefore was tilled by those who used to give a share of the produce to the deity. Where all intermediaries were treated as equals, the religious institutions lost their control over these lands except for collection of fair rent, which generally was much below what they were getting out of such land in the past. In the States like Orissa where a large number of religious institutions were maintained by the small States which merged into Orissa in 1948, the State had the responsibility of looking after these institutions. The

problem of finance for the maintenance of these institutions has become a big administrative problem. The solution is not yet apparent.

The legal owner of the right to cultivate the land may not in many cases be the tiller of the soil. The first principle of land reforms, *viz.*, bringing the tiller in direct contact with the Government, therefore, necessitates that either the legal owner becomes the tiller or is abolished, allowing the tiller to continue under the Government. The problem was before the reformers at the time of independence. As the thinking could not be finalised, immediate action was taken in most States to freeze the situation by preventing eviction of the tillers on the land pending formulation of a Reforms Act for the purpose. After more than a decade, in most States, the legislation on this problem has been or is being finalised. Right of resumption for personal cultivation has been given to various extents to the owner and some protection has been given to the tiller under certain conditions. Rights of resumption for personal cultivation are varied according to the extent of ownership of lands of the owner. For the purpose of the various legislations, the extent of ownership on a target date is relevant. For getting permanent rights of occupancy the tiller has to prove possession on a certain target date or dates. The administrative problem therefore is to fix the owner on the target date and the tiller similarly on his target date along with an estimate of the extent of lands owned by the owner and in some cases by the tiller. Normally, one turns to the land records of the State to check the possession. But in many parts of India and especially in the Eastern Zone the land records are very old and maintenance of records may not at all have been up-to-date. As the State had no direct relationship with the actual tiller in zamindari areas, maintenance of land records was also left mostly to the zamindars and their men. Further, the tiller of the soil who was not the owner of the cultivating right, was never recognised as a man with any substantial interest and if at all the land laws allowed his name to be entered in the Settlement reports, it was in the remarks column. In many places he did not find an entry in the Record of Rights. Even in the settlements carried out after Independence, the tiller who was not the owner has not found a place because of statutory defects and, in most records of rights, it is difficult to find out any authority for the possession of such tillers. In the result, the tiller of the soil on whom the burden of proof rests, has to depend on oral evidence supported by doubtful scraps of paper to prove his possession on the target date. The hazards of civil litigation for establishment of rights by merely oral evidence are very large. Preparation of record of rights, at least now,

to show the present tiller will go a long way towards helping this helpless individual. The Third Five Year Plan provides for the preparation of land records as a plan scheme.

III

The second objective of enabling the State to get control over the communal land, irrigation facilities, forests, markets, fisheries, etc. was in the interest of the community so that these communal rights can be properly improved and utilised for the general welfare of the community and so as to prevent exploitation of the communities by a few individuals through these important communal properties. This problem was specifically acute in the Eastern Zone where the permanent and temporary settlement principles gave the zamindars large rights over these properties. Tenancy legislation did not go very far in protecting these rights for the villagers as against the intermediary. There were always loopholes which enabled the intermediary to go against the village interest for his own monetary benefit. The first problem of the administration was to get control over all these properties in the national interest. A date line for avoidance of the transfer of such property was a feature in the various estates abolition legislation. Many intermediaries tried to get round this prohibition by ante-dating leases and trying to set up third parties to contest the State's right to take over such facilities. In fisheries, especially in Orissa, the problem became most acute. As the fisheries right generally carried with it drinking water and bathing water rights of the villagers and in some places was the main economic backing for a large population in the area the administration had to fight hard. The Supreme Court judgement in A.I.R. 1956 S.C. 17 which required that fisheries to be transferred must be transferred through registered leases put a quietus to this sort of attempt to divert State property by ante-dated unregistered leases. But where the tenancy law itself put certain types of lease outside the purview of the Registration Act the administration found it specially difficult to assert the State's rights. But luckily in many of these cases where the law provided that sufficient notice should be given of such third party rights for confirmation, the people came forward to help the State in asserting the State's rights and preventing fraud. But for this local awareness the problem would have been tremendous.

Till the settlement of the rights as between the owner of the cultivating rights and the tiller, it has been agreed as a measure of land reforms that the latter should not be rack-rented. Various States have fixed the rent as a portion of the produce. Whatever may be the legal provisions, human nature finds it difficult to give up rights easily where property rights are concerned. The problem can

be solved by either providing for fixed cash rents or a foolproof mechanism for dividing the crop on the threshing floor. Where due to economic forces there is large-scale evasion of the law, it requires a staff of such dimensions to solve the problem that this becomes an administrative impossibility. A cash rent would be the answer. Various ideas have been put forward on this. It is suggested that the rent may be fixed as a multiple of the land revenue or rent that the owner of the land pays. But unless the rent or revenue has rational basis and is fixed on the production of the class of land, the method becomes irrational. When we see that the rent in many parts of the Eastern Zone is based on accidental assessment and the rent varies for the same class of land with the same productivity between zone and zone and even between fields in the same village, we can say that this approach is valueless. The problem can be solved by appraising the produce of the various classes of land in normal years by a settlement operation. This will incidentally enable us also to fix the proper rent of land on a rational basis. This is the approach now being made in the Eastern Zone.

The last important item of Land Reforms is fixation of a ceiling on holdings and distributing the surplus to small cultivators and the landless. Various States have already finalised their legislation in the matter. A ceiling is fixed on the holdings of a family or an individual and a target date is fixed for assessing the surplus. The surplus has then to be allotted on priorities to various classes of small tenants and landless and in some cases to co-operative farms. The problem here is to administratively check the reporting of surplus lands. If it can be assumed that a person generally has lands at the most within a few villages in one small area, local enquiry can generally reveal the extent of the holdings of a person or his family. But if holdings are all scattered in distant places, administratively, this will become a problem almost impossible of solution. Unless the person himself declares faithfully all his holdings, without an elaborate indexing system and cross references, this problem cannot be tackled. The game does not appear to be worth the candle. The distribution of surplus lands will create a vast administrative problem of registration of applicants and consideration of priorities. Incidentally the fixing of market price or a percentage thereof for payment as price of the land to the owner will also involve an elaborate machinery. It is the vastness of the problem rather than the intricacies of the problem which is to be noted.

IV

Land Reforms administration is an extension of Land Revenue administration. Except in those States where the State had direct

connection with the owner of the cultivating right, in most parts of the country, most of the land revenue administration especially in the States where the zamindari system prevailed, was confined to land revenue collections and some maintenance of land records. The State as such did not maintain much of a staff for looking after the interests of the cultivators and the tenants and there was very little supervision over the communal lands and communal rights. Much of the work was left to the goodwill of the zamindars and such intermediaries. In the result, in these States, especially the States in the Eastern Zone, there was no land revenue administration worth the name in the rural areas. The impact therefore of land reforms in these areas has been very large on the administration. The administration had to build up an elaborate and detailed organisation for the normal land revenue administration. In addition, they had to build up a further elaborate organisation for the various details that have to be looked into and judged in the land reforms programme. The problem here is one of mobilisation of resources and personnel and training of the necessary personnel to do the job. Lack of previous experience in many of the fields does act as a handicap.

The programme of Land Reforms undertaken in the country is tremendous. It gives a complete twist to the previous priorities in the administration of land and calls upon the administration to prepare for a fixation of rights which in the past had not received much emphasis in the administration. Administration is not only personal but a continuing record of facts and decisions for solving the administrative problems at the moment. When there is continuity of policy in a certain direction, the administration and records of the history is geared towards meeting the administrative problems arising out of such a bias. Administration is always frugal as it spends the taxpayer's money on a work which is termed non-developmental. When policy changes direction very substantially, it will be found that the previous experience, the previous records and the personnel cannot fit into the new direction unless there is a vast amount of work done in refixing the base and deciding on the controls anew. Some attempt has been made in the previous paragraphs to give a broad outline of the new problems and the attempts made to solve them. The whole approach naturally has the bias of the viewpoint of administration in the States where the zamindari system prevailed. It is hoped that the problem raised will also help in assessing the situation in the States where the zamindari system is negligible or does not exist.



EVALUATION ON THE EVE OF THE THIRD PLAN

J. P. Bhattacharjee

SINCE evaluation has developed in India in the wake of planning, it is worthwhile to go back to the report on the First Five Year Plan to obtain an idea of the role originally envisaged for it by the Planning Commission. The need for higher levels of "integrity, efficiency, economy and public co-operation" in administration was felt acutely at the time of the framing of the First Plan. And, it was in the context of administrative reforms that evaluation was thought of as a method of continually improving the execution of development programmes. Thus, in the First Plan, evaluation seems to have been linked generally with the administrative organisation and arrangements for plan projects and programmes. The following statement in the report on the First Plan seems to indicate this orientation fairly clearly:

"With every important programme provision should always be made for assessment of results...Systematic evaluation should become a normal administrative practice in all branches of public activity."¹

The emphasis in evaluation work at this time was on regular assessment of results through a system of periodical reporting. The machinery to be entrusted with such reporting and review was left to be developed according to the needs and set-up of different programmes. For the purpose of developing techniques of evaluation, "a beginning was made with the establishment of an independent evaluation organisation under the Planning Commission for community projects and other intensive area development programmes."² In fact, the Programme Evaluation Organisation was established as an independent unit under the Planning Commission in October 1952 for the purpose of assessing and evaluating the activities under the community development and other intensive area development programmes.

The approach to evaluation in the Second Plan was in some respects different from that in the First. It was more specifically linked to the field of rural development, though its need in other fields was not overlooked. This will be clear from the following extract from the report on the Second Five Year Plan.

1. Planning Commission, Government of India, *The First Five Year Plan*, (1952), pp. 125-126

2. *Ibid.*, p. 126.

"Evaluation will, therefore, encompass the entire field of rural development and the bulk of the activities that are comprised in the district plan... The need for evaluation exists in all fields of development and more especially in those in which new or expanded activities are being undertaken... It is of the utmost importance that social and economic changes should be analysed objectively as they occur and the impact of economic development on different sections of the rural population observed at first hand."³

As a branch of social science research oriented primarily to the needs of action programmes, evaluation was expected to throw light on the effects of new policies and programmes, and on the nature and manner of their acceptance. The emphasis was clearly on the assessment of results and the analysis of social and economic changes through the co-operative endeavour of economists, sociologists, statisticians and specialists in concerned technical fields. The content of evaluation was visualized in terms of selective and intensive types of studies, motivated by and leading to purposive action. And the broad objective was stated as "not only objective appraisal of what is being done but... evolving fresh approaches to practical problems and new lines of action." In short, evaluation was assigned the role in the Second Plan not only of helping programme administration and execution, but also—perhaps more so—of aiding planning and policy formulation.

Against the background of these expectations, the Programme Evaluation Organisation and, more recently, other bodies—most of them of an *ad hoc* nature—have been carrying on their activities. What has been the record of their achievements is a question that sometimes comes up. It is not easy to give a full answer to such a question in the course of a short article. It may, however, be useful to give a brief account of the evaluation activities conducted during the two Plan periods, so that an idea can be obtained of the nature of the job to be done in future. This is the general purpose of this article.

EVALUATION WORK IN THE PLAN PERIODS

Because of the nature of the Plans and urgency of the need for fundamental changes in the rural economy and society, evaluation efforts have necessarily been concentrated so far on the rural sector. The need for strengthening the democratic structure of the Government in the country has probably given an element of urgency to assessment of rural development programmes. It is for all these

3. Planning Commission, Government of India, *The Second Five Year Plan*, (1956), pp. 250-251.

reasons that nearly all the evaluation studies conducted during the two Plan periods have dealt with different aspects of rural development programmes, which have been assessed, by and large, against the perspective of the community development movement and the administrative set-up created for it. The Programme Evaluation Organisation which was established in 1952, has continued to be the most important agency in this field. It has conducted a fairly large number of studies, most of which are included in the 40 publications issued to date by this Organisation. These studies can be classified on the basis of their approach and contents into four broad groups. One group comprises reports on the general evaluation of the community development programme based on continuous observation, discussion and collection of data from the field. The first three annual reports of the P.E.O. were solely of this type and tried to indicate the main trends in the development of the C.D. programme and to assess its adequacy, especially in respect of organization and administration. From the fourth report, the emphasis shifted, in respect of this type of studies, to the coverage of the programme and its social and economic impact on the people. This shift reflects, partly at least, the new orientation given to evaluation in the Second Plan.

Detailed surveys and studies of particular aspects or features of rural development programmes come under the second group. The topics covered in these studies include extension of improved agricultural practices, crop campaigns, social education, cottage industries, people's participation, block records, planning process, improved seed, major and minor irrigation, and Village Leaders' training. The third category may be said to include case studies of agencies and institutions like the block administrative organization, credit and multi-purpose co-operative societies, co-operative farms, panchayats, farmers' organizations and industrial co-operatives. The remaining studies may be grouped under the omnibus or miscellaneous category. These include research studies on topics like group dynamics, village leaders and leadership, rural unemployment as well as reports on investigations like the bench-mark survey.

The Programme Evaluation Organisation has, over these years, tended to shift its field of study more and more in the direction of the last three types. This has been necessitated by the increasing complexity of the programme and the need for a deeper analysis and understanding of its different aspects and facets. The approach to evaluation has, by and large, been to find out the extent to which the rural development programme or any aspect of it is achieving its ultimate objective, the measure in which it is reaching the different sections of the rural community, specially the weaker sections, the people's

reactions and attitudes, and the nature and magnitude of the various difficulties and hindrances. Attempts have been made not only to analyse the data and derive factual conclusions, but also to draw inferences regarding the strength and weakness of the programme and give broad suggestions about directions in which improvements may be effected and corrective action initiated. The policy on which the programme is based has not, however, been the subject of evaluation by the P.E.O. except to the extent that an assessment is implicit in analysis of the data collected and studied.

Apart from the P.E.O. studies, there have been other attempts at the evaluation of the C.D. programme as a whole as well as particular aspects of rural development programmes, specially, by *ad hoc* committees and study teams specifically appointed for this purpose. Mention may be made in this connection of the Study Team on C.D. and N.E.S. (Balvantray Mehta Team) appointed by the Committee on Plan Projects as well as other teams appointed by the COPP to study programmes like irrigation, seeds, etc. A U.N. Evaluation Mission (1959) also attempted an evaluation of the community development programme. Most of these committees or study teams were appointed to examine *de novo* the broader aspects of the policies and programmes. They were aided in their work by the regular agencies like the P.E.O., and their activities were of a complementary nature. The *ad hoc* bodies covered grounds which needed a fresh examination and thinking, and for which an administrative organization was not in the best position.

At the level of the States, the need for evaluation of the development programmes was increasingly recognised during the Second Plan period. The Planning, Action and Research Institute of Lucknow was the only State-level evaluation organization existing at the beginning of the Second Plan. Its activities have grown in scope and magnitude over this period. A number of States appointed legislative committees in the later part of the Second Plan period to evaluate the community development programme. By the end of the period, a few of them had either set up Evaluation cells and Organizations of their own or contemplating to take steps in this direction. U.P., Rajasthan, Bombay, Bihar and Kerala are the States where some evaluation machinery is known to have been functioning within the administrative structure of the respective Governments.

IMPACT OF THE EVALUATION WORK

It will appear from the account given in the last section that there has been a fairly large growth of evaluation efforts and agencies

during the two Plan periods, more especially in the Second Plan. In fact, a widespread recognition by the organs of the Government not only at the centre but also in the States, of the need for evaluation work is certainly one of the significant developments in the Second Plan. While the brief account in the last section may not have fully brought out the nature of the findings of the evaluation studies conducted so far, it can be easily shown that the regular evaluation studies in the Second Plan period have dealt more with the assessment of results and the study of economic and social changes. Some of the *ad hoc* studies have even gone further and dealt with basic issues of public policy and structure of government at the local level. In contrast, the studies in the First Plan period were largely geared to the administrative problems and difficulties encountered in the implementation of the community development programme. While this shift in orientation should not be pursued too far, it reflects to a large extent the vision of evaluation given in the Second Plan. In fact, the field of evaluation has undergone specialization during this period. This broad field has come to be divided into two separate areas of study and reporting, namely, administrative reporting and intelligence on one side, and assessment of programmes and their impact on the other. The first type of activity has generally come to be the concern of the administrative agencies, which have tried to streamline the nature and contents of such reporting by emphasising the need for statistical types of data on selected indicators of progress. In effect, therefore, such reporting has tended to be focussed more and more on the achievement of intermediate objective of programmes. The extent to which such reporting has helped the administrative agencies is a matter that probably needs considerable re-thinking.

The other field of evaluation, namely, assessment of programme administration and its impact, has certainly received considerable attention and interest in the country. The extent to which such activities have helped planning as well as administration of the rural development programmes is difficult to quantify. A number of adjustments, modifications and changes in policies and programme contents as well as in methods of implementation have been made in the course of the Plan periods, specially in the field of rural development programmes. While these changes and modifications may not in every case have been officially acknowledged as a result of evaluation studies, the link between the two is sometimes too close and clear to be missed. A few of these may be mentioned as illustrations of steps taken subsequently to findings and suggestions given in studies of the Programme Evaluation Organisation :—emphasis on the keeping of records and statistics at the block and village levels, standardization of these

records, democratization and strengthening of the committees at the block level, longer phasing of the coverage of the country by C.D. blocks, increasing the period of a block stage from three to five years, emphasis on agricultural and industrial production programmes, giving more of welfare orientation and of responsibility for development programmes to the Collector and other District Officers, emphasizing the need for additional efforts for the welfare of the weaker sections of the community. Besides these, one can hardly miss quoting the introduction of Panchayati Raj as a result of the recommendations of the Study Team (Balvantray Mehta Team) appointed by the Committee on Plan Projects. In short, there is evidence to show that our evaluation effort has benefited the administration and execution of the rural development programmes.

That evaluation studies have helped planning in the country is also borne out by some of the statements in the report on the Third Plan. Not only is there an acknowledgement in the introduction to the Third Plan of the help obtained from studies by the P.E.O., the COPP and other organizations, but there are also specific references to studies, for example, by the P.E.O. in the chapters on agricultural production, community development, village and small industries, public co-operation and participation, and administration and plan implementation.

SOME CONCLUDING THOUGHTS

We have been dealing so long with the position of evaluation efforts in India at the end of the Second Plan period. In concluding this article a few projections may be made about the likely needs in the immediate future. The Third Plan envisages public expenditure on a scale more or less equal to that undertaken in the two previous Plans. Public expenditure and administration on such a large scale will necessarily add to the burden of responsibility on the State Governments and even on the local bodies at the district and block levels. Enriched by the experience of the execution of the programmes in the Second Plan, we are finding ourselves more and more concerned with expeditious, efficient and adequate implementation of the plan projects at different levels. It is in this context that a concern is being felt about further streamlining and rationalizing of the administrative structure in the country. In a way, some of the problems to be tackled are not basically different from what was hinted at in the report on the First Five Year Plan in connection with evaluation. At this juncture, administrative reporting looms large as an immediate problem to be tackled. The existing system of reporting, as has been mentioned,

does not seem to throw adequate light on strategic problems as they arise in the course of implementation of plan programmes. Thus, the system of reporting needs to highlight with more of precision and purpose, problems of efficiency, adequacy, timeliness and economy of administrative and other action in the implementation of development programmes. Reports and information on these aspects are needed at various levels from the field to the State headquarters and from there to the Central Ministries and the Planning Commission. Assessment of results and impact will, however, retain their importance not only to administrators but also to planners. These will have to be geared to strategic problems and oriented in a positive way so as to lead to purposive action.



SPEED AND EFFICIENCY IN DEVELOPMENT ADMINISTRATION*

THIS paper outlines suggestions for measures to be taken in the immediate future for speeding implementation, raising administrative efficiency and standards, securing better management in public enterprises and simplifying procedures relating to planning. It is common ground that the volume of administrative work and its complexity have increased to such an extent in recent years that the present machinery is severely strained. At many vital points there is inadequate follow-up. There is insufficient emphasis on individual responsibility and on the observance of time schedules. Delays in the disposal of the day-to-day business of government also occur frequently. Public enterprises, especially those engaged in industrial activities, present a growing number of difficult managerial problems. With increase in the tempo of development and in the range of Government's responsibilities, these problems have assumed greater urgency and demand far-reaching changes in procedures and approach. It is being increasingly urged that as far as possible each Department should have "self-contained powers" and that the need for constant reference to other Departments should be minimised. This observation has relevance as much to the Planning Commission's own work as to other fields. Suggestions in this paper, which are based on a considerable volume of discussion, may be conveniently set out under the following heads :

- I. Machinery within the Government for improving administrative efficiency and standards;
- II. Measures for speeding implementation;
- III. Problems of public enterprises;
- IV. Other administrative problems; and
- V. Reduction of references to the Planning Commission.

* This article has been prepared by *Shri Tarlok Singh* at the request of the Indian Institute of Public Administration; it is based on a background paper prepared in the Planning Commission in connection with the Third Five Year Plan. It is being presented for general information in view of the growing public interest which is being expressed in problems discussed in it.

I

MACHINERY WITHIN THE GOVERNMENT FOR IMPROVING
ADMINISTRATIVE EFFICIENCY AND STANDARDS

Important questions of policy and approach in administration require the directions of the Government from time to time. Within the administration there is need for machinery which will be charged with the duty of locating key administrative problems, arranging for their investigation by special study groups, advising on policy decisions and, generally, suggesting measures for raising administrative efficiency and standards. In an administrative structure based on parliamentary institutions, the higher ranks of the public services have both the obligation and the opportunity of assisting the Cabinet in providing direction and guidance on these lines. Accordingly, it is proposed that at the Centre there should be a Committee on Administration consisting of the Cabinet Secretary and a few other senior officials who, *as a body*, are given a continuing responsibility for the tasks mentioned above and report to the Cabinet periodically on action taken by Ministries and authorities subordinate to them. In the States also, it is proposed that there should be similar committees on administration, including the Chief Secretary and a group of senior officials, who report to the Chief Minister and the State Cabinet.

II

MEASURES FOR SPEEDING IMPLEMENTATION

Avoidance of delays within any organisation depends largely on the quality of the personnel at different levels, the extent to which they have been trained for the work entrusted to them, arrangements for supervision, distribution of work and delegation of responsibilities. Improvement of work along these lines has to be necessarily a process which goes forward purposefully all the time, and the responsibility for ensuring this devolves at the Centre on the Organisation and Methods Division of the Cabinet Secretariat and in the States on the appropriate units which have now been set up in most States. Suggestions offered here may be broadly grouped as follows:

- (i) Need to fix individual responsibility and to reduce 'consultation' with other authorities;
- (ii) Procedures relating to financial control;
- (iii) Administration of secretariat services; and
- (iv) References to the Union Public Service Commission.

Two other problems, to which attention is frequently drawn are not dealt with in this paper. These are delays in the execution of civil works due to the concentration of responsibility in the Central Public Works Department and delays in procuring stores for which responsibility has been placed on the Directorate General of Supplies and Disposals in the Ministry of Works, Housing and Supply.

Need to fix individual responsibility and reduce 'consultation' with other authorities: It has been frequently pointed out that in the present administrative practice, there is insufficient stress on individual responsibility and that the requirements for consultation with or seeking of concurrences from other authorities are excessive. Both speedy disposal of business and effective delegation of powers on the part of Ministries to their subordinate authorities are consequently impeded. It is essential that in each field responsibility for producing results should be cast more definitely both on the Department or agency concerned and, within it, on the individuals entrusted with particular tasks, and that consultation with other authorities should be confined to broader matters. These processes are closely connected and are indispensable if delays are to be reduced and implementation speeded up.

The propositions stated above apply equally as between Ministries and as between a Ministry and the executive Departments subordinate to it. It should be pointed out that in recent years Ministries at the Centre and Secretariat Departments in the States have tended to assume responsibility for an increasing amount of original work, thus reducing the initiative of the executive departments and offices and their ability to function without frequent reference to and consultation with the Ministries. Both in the First and in the Second Plan it was stressed that the primary concern of Ministries and Secretariat Departments should be with matters of policy, general supervision and enforcement of standards and that executive tasks should be left to be carried out by Departments and authorities specially designated for the purpose. As there is general agreement in principle on this approach, there is need for a Government directive that Ministries should review their existing delegations of powers to the executive Departments subordinate to them and provide for larger delegations of authority to them. Action taken should be followed up by the Organisation and Methods Division of the Cabinet Secretariat, which should also review the scheme of delegations within individual Departments, as this is an essential aspect of the same process.

Procedures relating to financial control: A scheme of delegation of financial powers to Ministries and Departments was introduced

in August 1958. This envisaged that the major scrutiny of the Finance Ministry would be exercised before the framing of the budget and once this had been done administrative Ministries would be free to spend sums provided in their budgets up to Rs. 50 lakhs in each case in consultation with their 'internal' financial advisers. Towards the end of 1959, some further delegations of financial powers were agreed to. It has been suggested that the scheme of delegations has not had a chance to work as intended mainly because Ministries have not found it possible as a rule to furnish adequate details of their schemes before the framing of the budget. On the other hand, it has been urged that the new procedure has not materially reduced the need for consultation with the Finance Ministry specially in establishment matters, and that there is need for a much larger measure of delegation of powers to individual Ministries in the use of funds provided in their budgets.

Control of expenditure presents different sets of problems in respect of (a) projects and schemes and (b) staff and salaries. As regards (a), the estimates prepared by Ministries are frequently incomplete and defective mainly because enough time and personnel are not assigned for the planning phase. The most important requirements here are, firstly, to ensure that the Ministries are adequately equipped in personnel for thorough planning of projects and schemes and, secondly, that the Ministry of Finance are also equipped for similar study of cost estimates. Provided there is careful planning and close association from the beginning between financial and technical experts, after funds have been budgeted, references to the Finance Ministry should be required only where substantial variations take place in the scope or in the costs of a project.

As regards staff and salaries, note has to be taken of the criticism that civil expenditure has risen considerably and that the cost of administration must be kept in check. At the same time, it is important that while adhering to agreed financial limits and to standards based on approved practice or, where necessary, on systematic work studies, Departments should have much greater discretion in determining their staff structure and requirements. In this connection, the general policy of Government regarding the levels of salaries of highly paid employees and the need to avoid competitive bidding by Government Departments for personnel in categories in which there is shortage should be kept in view. Further delegations in favour of Ministries and project authorities in matters affecting staff and salaries should now be worked out.

Administration of Secretariat services : Secretariat services are controlled by the Ministry of Home Affairs with the help of a Board

which also includes officials from some other Ministries. The total strength of the Secretariat services now runs to more than 20,000. It has been felt that with larger control over their Secretariat personnel it should be possible to secure greater efficiency and better human relations within various administrative organisations. The principle of transfer of control over specified categories of Secretariat personnel is acceptable to the Home Ministry. There is general agreement that selection of officers of the rank of Under Secretary and above should be on a common basis for the Government as a whole. The practical issue for consideration is whether the transfer of control to individual Ministries should extend to the level of Section Officers or to that of Assistants. On a balance of considerations, it is considered that up to the level of Section Officer, administrative control should be entrusted to individual Ministries, but certain safeguards regarding standards, promotion, reporting, etc. should be provided.

References to the Union Public Service Commission: Suggestions have been made that the Union Public Service Commission might limit itself to recruitment to the higher grades of the public service and, in respect of promotion and confirmation, it might leave decisions to Ministries to a greater extent than at present. Matters of common interest to Government and the Union Public Service Commission are kept under constant review and there does not appear to be need for any fundamental change in the scope of consultation with the UPSC. It is open to Government to determine the posts for which recruitment should be undertaken through the UPSC. In disciplinary cases, consultation with the UPSC provides protection which is helpful to the morale of the public services. It should be considered whether references regarding promotion or confirmation within the same grade or class could be reduced. Two questions which deserve to be examined are: (1) whether the present arrangements for recruitments to technical and scientific posts need to be strengthened further, and (2) whether delays which occur at present in the disposal of references regarding vigilance cases could be further reduced.

Action-orientation in administration: The changes in organisation and procedures suggested above will go some distance to remove causes of delay. They have to be supported, of course, by greater attention to the training of personnel, to supervision and to reporting and evaluation. All these measures, however, will be of little avail without a major effort to make the administration much more action-oriented than it is at present. With growth in the volume and range of work in the Central Government, despite considerable

increase in staffs, the situation is far from satisfactory. Dr. Appleby's observations are still true:

"A general fault of the Indian Administrative process exists in the practice of seeking agreement on everything by everybody before anything is done. Worse, the practice requires that these agreements cover not only general objectives, general allocations of funds, general personnel arrangements, and the fixing of general lines of responsibility, but also over specific applications of these general determinations in a continuing and heavy flow. The criticism in rather crude terms is that there is much too much sharing of responsibility for action before the fact, and too little review in appropriate terms focussing on accomplishment after the fact."

There is no single remedy for this situation but, along with other measures, the four essential conditions which need to be stressed are :

(1) *Policy directives* : Although policy and administration are closely connected, there is a clear distinction between them which is often overlooked. Administration is necessarily concerned with detail; what gives meaning and focus to it is policy. In every important field, the quality of execution can be greatly improved if the Government's policy directives, while being based on a proper study of facts, are set out in bold and specific terms, so that they provide a definite perspective for positive and sustained implementation.

(2) *Responsibility for execution* : Although they have their place in the scheme of administration, there is at present far too much resort to committees, groups, boards, etc. for carrying out the policies of Government. What is important is that for the execution of any programme or project, specific responsibility should be placed on the agency concerned and, within it, on particular individuals. Within defined limits, each individual should be given full responsibility and, with it, the necessary measure of support and trust. If he fails in the discharge of his responsibility, he should be replaced. But so long as he holds an office, he should accept all its obligations and equally he should be placed in a position effectively to discharge them. With responsibility thus specified, it should be open to him to seek such advice and consultation as he may require, but these should not become the necessary ingredients of the executive process itself.

(3) *Test of performance* : Success or failure must be judged rigorously by the test of results. This is possible only if in the planning stage the aims to be achieved, the tasks to be undertaken, the

means to be employed, the obligations of the various agencies or individuals concerned, and the time-sequence in which different operations must flow and dovetail into one another are clearly stated in advance, and are subjected to systematic review from stage to stage. In these aspects there are marked deficiencies in the existing procedures, which have to be removed urgently.

(4) *Personnel policies* : The importance of appropriate personnel policies in securing results can scarcely be exaggerated. Perhaps the most crucial consideration is that for all vital jobs, not only should the responsible officials be selected with the utmost care and suitably trained, but they should remain long enough to grow to the full measure of their responsibility and produce the results expected of the assignment. In any major enterprise a period of less than five to ten years is rarely sufficient for producing large results. Frequently, in service transfers, the factors which are taken into consideration are not of the first importance in terms of public interest or the success of the undertaking. Such transfers tend to injure both continuity of operations and the morale of organisations whose tasks are nearly always of a difficult and pioneering character.

It is unfortunately true that there is a great deal of slowness, even retardation, built into the existing administrative structure, and there is urgent need for procedures which will make for radical re-orientation in attitudes both at the level of policy and of execution. This central problem must now be attacked from many sides and continuously if the implementation of plans is to be speeded up in any marked degree.

III

PROBLEMS OF PUBLIC ENTERPRISES

The critical role of public enterprises in the planned development of the country is being rightly stressed. The future rate of growth will be determined to an overwhelming degree by the efficiency of the public sector and by the contribution which public enterprises make to domestic savings. Problems relating to the organisation and management of public enterprises have been reviewed extensively in reports by the Estimates Committee, studies by high-level experts, a special report on Parliamentary Supervision over State Undertakings, and an international seminar on management of public industrial enterprises organised jointly by the Government of India and the United Nations in December 1959. There is also considerable experience within the country which can be drawn upon and which it would now be desirable to collate and consolidate.

It has been recently agreed that there should be a separate Committee of Parliament for State Undertakings which, in respect of State undertakings brought within its purview, would replace the Public Accounts Committee and the Estimates Committee. In working out the functions and powers of the proposed committee, the principle has been laid down that State undertakings should have more autonomy and greater freedom from detailed control. The powers of Boards of State undertakings are to be enlarged and there is to be provision for further delegations to chairmen and general managers. These problems as well as problems connected with the financing and internal administration of public enterprises fall outside the purview of this paper. Here it is proposed to refer only to those aspects of the subject which have a bearing at the governmental level on the speed and efficiency of implementation in respect of public enterprises.

One of the main difficulties which has been observed is that frequently when the Government has to approve a project, say, for inclusion in a Five Year Plan, it has not been worked out fully, nor is it presented in any adequate form. For irrigation and power projects, there has been in existence for several years within the Planning Commission an Advisory Committee which is assisted in its technical work by the Central Water and Power Commission. All projects costing more than Rs. one crore are considered by it before their execution is taken in hand. The items in respect of which project information should be supplied by State Governments have been indicated in detail and every effort is made to secure the necessary reports in time. Industrial and mineral development projects present more varied and complex problems. A check list of items included in the cost estimates of projects was circulated to the Central Ministries concerned early in March 1960, but Ministries found it difficult to provide the minimum data required. The consequence is that for a large proportion of projects included in the Third Five Year Plan, the information available is still far from satisfactory. This deficiency arises in part from lack of the requisite technical personnel, but equally it is due to the absence of arrangements, for preparation of projects well in advance of the time for their consideration and approval by Government. It is suggested that while the preparation of projects included in the Third Plan must go forward with the utmost speed, the Ministries concerned with industrial projects should take in hand forthwith project studies relating to the Fourth Five Year Plan, so as to complete these as far as possible in the course of the next three years. The question is essentially one of technical and administrative preparation on the part of these Ministries, there should be no great difficulty in making available the funds needed.

The Ministries concerned with industrial and mineral development projects should have strong technical planning cells. These should be maintained as permanent nuclei to be supplemented by additional *ad hoc* personnel according to requirements. It is not, of course, necessary that the preparation of every new project should be taken up by a technical cell located in a Ministry, for, progressively, existing enterprises should be in a position to undertake this task successfully within their own fields. It is, therefore, suggested that steps should be taken to strengthen and, where necessary, to set up suitable design and research units within major State undertakings. This is already being done to an extent, but there is need for greater emphasis as well as effort on a larger scale. If the preparation of projects becomes a primary responsibility, wherever feasible, of existing enterprises, the planning cells within the Ministries can devote themselves to the broader technical and economic aspects of the project, defining the stages of execution and ensuring that the various related steps for which other authorities are responsible are also precisely co-ordinated.

A weakness which still persists is the inadequacy of existing arrangements within the Ministry of Finance for the examination of cost estimates. The Ministry of Finance have already a 'projects co-ordination cell'. This cell needs to be strengthened. Its responsibility should extend, not only to a scrutiny of cost estimates and the broader economic aspects of projects but also to the presentation of a report each year on the financial and economic aspects of State industrial undertakings as a whole. The absence of such a review at present leaves an important lacuna which needs to be filled.

Apart from technical personnel employed in State industrial undertakings and within Ministries, the Ministries also need to draw upon the advice and assistance of engineers, technologists, economists and financial experts outside the service of Government. It would be helpful for Ministries to arrange for technical advisers for different groups of industries, so that the technical knowledge and experience within the country, which are, of course, growing rapidly, can be readily utilised by Government in developing public sector. The example of the Advisory Committee for Irrigation and Power projects suggests that such association with leading technical and other experts will yield good results and at small cost.

In the Draft Outline of the Third Plan, it was suggested that in major projects or groups of allied projects under the same overall management, there should be special units assisting the management in keeping down costs, raising productivity, setting norms and checking performance, so that the physical assets created are commensurate

with the original estimates and designs, time-schedules are maintained, and the responsible authorities are in a position to enforce efficiency, economy and integrity. Speaking on the Third Plan in the Lok Sabha in August 1960, the Prime Minister also stressed the need for evaluation of performance in major projects. It is suggested that the Ministries concerned with large industrial and other projects should review the existing arrangements in these projects and should provide for suitable units for evaluation and review of progress, which will function independently of day-to-day operations, but under the control of the top management authorities. In giving effect to this proposal, the personnel should be chosen with care and the sense of responsibility of those in the direct line of supervision should not be interfered with.

In view of the strategic importance of public enterprises the Planning Commission has to keep in much closer touch with their working and problems than in the past and be in a position to offer its independent advice on large issues whenever necessary.

IV

OTHER ADMINISTRATIVE PROBLEMS

Administration in the States : Efficiency of administration on the part of the Central Government is closely bound up with efficiency in the States and *vice versa*. Problems of administrative efficiency, standards and morale have, therefore, to be approached from now on as a matter of common concern between the Centre and the States. A large part of the implementation of the Plan rests with the States. In the execution of the Central Government's projects also, State administrations are involved at many points. Both the Centre and the States should keep themselves informed regarding measures taken to strengthen administration and make effective arrangements for exchange of information and experience in matters like personnel, training methods, raising standards, etc.

At the instance of the Planning Commission two aspects of administration in the States are at present being studied with a view to making proposals for the Third Plan. The first relates to administrative personnel at different levels in the States and involves a review of requirements for the Third Plan and of the existing arrangements for training and supervision and other aspects on which the quality of administrative personnel depends to a large extent. The second aspect concerns district administration where a series of new and difficult problems are now cropping up as a result of the introduction of democratic institutions at district and block levels. The National

Development Council has agreed that steps should be taken along these lines, but it is important that the effective implementation of the Plan and satisfactory standards of administration should be ensured at each point within the district structure and, in particular, the agricultural production programmes should be carried out successfully.

Relations with the public: One of the main aims in administration must be to ensure right public relations, co-operation from and with the public, and a sense of confidence on the part of citizens generally that where the administration comes into contact with them, it can be relied upon to function with efficiency and integrity and without fear or favour. In this respect, it is true that an atmosphere of complaint and criticism exists, often vague perhaps, but real enough to demand serious attention jointly on the part of the Central as well as the State Governments. Many of the major fields of administrative activity which involve public relations lie in the province of State and local administration. Because of the complexity of the subject and the difficulty of proposing precise remedies, there has not been enough practical effort to bring about a marked change in public opinion in relation to the administration.

If delays could be reduced, accurate information regarding policies and procedures made available and due courtesy shown to citizens by officials at all levels (including promptitude in correspondence), there would doubtless be a change for the better. It would also be worthwhile to make a systematic effort to analyse public attitudes with a view to identifying and removing some of the causes of discontent and adverse public feeling. It is suggested that this task might be entrusted to the Indian Institute of Public Administration and its regional branches and that through this project they should be assisted in undertaking a series of limited but specific studies in collaboration with the local authorities, the object in each case being to analyse problems with a view to finding practical solutions for them and then watching how these work. It is possible that in respect of a number of complaints, which are frequently made by the public, through such a scientific approach to the study of public opinion, measures and procedures capable of producing a favourable response could be evolved. If the general public sensed positive improvement even in a few significant directions and in a few selected areas, this might help turn public thinking into constructive channels and thus suggest ways of bringing about improvements in other directions as well. In a democracy the problems which agitate the public mind can only be solved through co-operation between official agencies, local authorities and citizens based on a sense of common purpose and responsibility for the welfare of the community as a whole.

V

REDUCTION OF REFERENCES TO THE PLANNING COMMISSION

References to the Planning Commission relate broadly to—

- (a) inclusion of new schemes in the Five Year Plan,
- (b) revision of cost estimates and outlays for schemes included in the Plan,
- (c) provision of funds and the formulation of annual plans,
- (d) central assistance included in the Plans of States and for Centrally sponsored schemes,
- (e) progress reports, and
- (f) general questions of policy and procedure.

Inclusion of new schemes : Schemes to be included in a Five Year Plan fall broadly into two groups, those concerning the Central Ministries alone, and those undertaken in the States. The inclusion of the schemes of the Central Ministries in the Plan requires agreement between the administrative Ministry, the Ministry of Finance and the Planning Commission. Under the present procedure the Planning Commission's concurrence is required, firstly in principle and, secondly, for securing an appropriate allocation within the Plan. The acceptance of a scheme and determination of the outlay required are connected processes in the case of projects which involve considerable expenditure. The Planning Commission has indicated to the Ministries that in the case of new projects it will be guided by the examination of cost estimates undertaken by the Ministry of Finance. In respect of Central schemes, there has to be greater emphasis than in the past on thorough examination of estimates of cost by the Ministry of Finance for the larger projects accompanied by an enlargement of discretion on the part of the administrative Ministries in formulating detailed schemes within broadly agreed heads and financial allocations.

Schemes undertaken by the States fall into two groups—those whose entire cost is shown in the plans of States and those which are “sponsored” by the Central Ministries for which the provision for assistance is made within their budgets, while the plans of States indicate only their contributions. The acceptance of new schemes in either category takes place, in the main, at the time of the formulation of the Five Year Plan, in which process State representatives, the Ministries and the Planning Commission jointly participate.

The question of technical examination of projects to be undertaken in the States arises where large expenditures are involved, notably in the fields of irrigation and power and for large-scale industries. Industrial projects from the States are yet few in number. In respect of irrigation and power projects, it has been agreed that detailed examination by the Central Water and Power Commission and the Advisory Committee for Irrigation and Power should not be undertaken in respect of schemes costing Rs. one crore or less. For such schemes it is sufficient if a prescribed proforma is completed by the States with a view to providing the essential information. Once a scheme costing up to Rs. one crore has been included, the State Government can proceed with the execution according to its Plan except where inter-State considerations may be involved. The principle that schemes costing Rs. one crore or less prepared by State Governments should not be subject to technical examination by the Central Ministries is also being extended to housing programmes.

Revision of cost estimates and outlays : It is desirable that cases of substantial revision in cost estimates of projects entailing large expenditures or where the scope of a project is altered should be considered by the Planning Commission on the advice of the Ministry of Finance before changes are accepted in the Plan. In the past, large variations in estimates have taken place to the detriment of the Plan. There should, however, be no objection to variation in cost estimates up to 10 per cent or Rs. one crore, whichever is less, being approved by the Ministries without reference to the Planning Commission. The same procedure could be adopted by the States in respect of irrigation and power projects which are now referred to the Advisory Committee on Irrigation and Power projects.

Provision of funds and formulation of annual plans : The annual plans of Ministries are drawn up largely as a by-product of the preparation of the capital budget for which the Ministry of Finance are responsible. In the case of States, the annual plans are formulated jointly by the representatives of the States and the Ministries working in collaboration with the Planning Commission. The Planning Commission indicates overall outlays and Central assistance for States in consultation with the Ministry of Finance. The existing procedures involve the visit to Delhi of fairly large numbers of officials from States. The preparation of the annual plans for 1961-62 was integrated with the discussions on proposals for the Third Plan and no separate meetings were arranged. It is proposed that in future discussions regarding annual plans should be confined to the more important projects and programmes, and before State Governments draw up their proposals, a fair indication of the likely outlays and Central

assistance should be given to them in terms of the magnitudes agreed under the Five Year Plan. In fields not covered by specific discussions, the States could report the decisions taken by them. Where they consider necessary, the Ministries could confer informally with individual States well in advance of the time for drawing up annual plans.


Central assistance : Considerable simplification of procedure for Central assistance was undertaken in May 1958. This was followed by further liberalisation in May 1959. For the Third Plan, a number of improvements are being undertaken in co-operation with the Ministry of Finance and the administrative Ministries, the guiding principles being the following :

- (a) The list of Centrally sponsored schemes is being drastically reduced. Only selected schemes will be accepted as "Centrally sponsored" as—
 - (i) relate to demonstrations, pilot projects, surveys and research,
 - (ii) have a regional or inter-State character,
 - (iii) require lump sum provisions to be made until these can be broken down territorially, or
 - (iv) are placed in this group for reasons of overall significance from an all-India angle.
- (b) A large variety of Central assistance patterns have grown up in recent years. It is proposed to retain patterns of assistance for a limited number of schemes only. For the rest, Central assistance by way of loans and grants will be intimated under different heads of development. The total amount of assistance due to a State each year is worked out with reference to the plan to be carried out and the assessment of resources which the State can provide. The distribution of schemes within each head into 'groups' which has been in force since 1958 is being discontinued. This will enable State Governments, over a large field, to make such adjustments as they consider necessary within a head of development. However, in the interest of implementation, adjustments between heads of development and diversions of funds provided for important projects should not take place without further consultation.
- (c) The All-India Boards present some special problems. It was agreed in May 1958 that only new schemes should be referred to them by States for technical scrutiny. Recent instructions have rendered this unnecessary in respect of

most of the All-India Boards. The programmes of the Khadi and Village Industries Commission, though undertaken in the States through State Boards, are at present shown as Central schemes. The Khadi and Village Industries Commission, however, constitutes a somewhat distinct category.

Progress Reports : It is proposed that progress reports on projects and programmes undertaken in the States should be received at a single point within the Government of India, namely, the Ministry concerned, and copies should be made available for the use of the Planning Commission. To the extent additional information is required by the Planning Commission, this will be provided for in forms drawn up by the Ministries in co-operation with the Commission.

General issues of policy and procedure : These arise from time to time and in the interest of planning and co-ordination, it is considered that there is advantage in the Planning Commission having an opportunity to offer its comments and suggestions before decisions are reached. Frequently consideration by the Planning Commission is only a preliminary stage leading to consideration by the Cabinet.



RECENT DEVELOPMENTS IN PUBLIC ADMINISTRATION

(I) INDIA

The Third Five Year Plan (1961-66), as presented to the Parliament on August 7, provides for a total investment of Rs. 10,400 crores—6300 crores in the public sector and Rs. 4100 crores in the private sector. Including the current outlay of Rs. 1200 crores, the total outlay in the public sector will be Rs. 7500 crores. Agriculture gets the first priority in the Plan.

The major projections of the Third Plan are as follows :

<i>Item</i>	<i>1950-51</i>	<i>1955-56</i>	<i>1960-61</i>	<i>1965-66</i>
National income at 1960-61 prices (Rs. in crores)	10,240	12,130	14,500	19,000
Population (millions)	361	397	438	480
Per capita income at 1960-61 prices (Rs.)	284	306	330	385
Index of agricultural production (1949-50=100)	96	117	135	176
Index of industrial production (1950-51=100)	100	139	194	329

Out of the projected outlay of Rs. 7500 crores in the Public Sector, Organized Industry and Minerals will account for 20%; Transport and Communications for another 20%; Social Services and Miscellaneous for 17%; Agriculture and Community Development for 14%; Power for 13%; Major and Medium Irrigation for 9%; Village and Small Industries for 4%; and Inventories, 3%.

The Plan emphasises that for achieving its objectives—an increase in national income of over 5 per cent per annum, self-sufficiency in food-grains, by stepping up its output by 30

per cent, expansion of basic industries and raising industrial output by 70 per cent, fuller utilisation of manpower resources and reduction in disparities in income and wealth and a more even distribution of economic power—a certain minimum development must take place in different sectors of the economy during the next five years. The Plan is expected to provide new employment opportunities for 14 million people—for 3.5 million persons in agriculture and for 10.5

million in non-agricultural occupations—as against 17 million new entrants to the labour force. The deficiency will be sought to be made good by special projects in the rural areas.

The chapter on “Administration and Plan Implementation” stresses the need for a concerted effort to make the administration more action-minded than at present, the fixation of specific responsibility on administrative agencies and individuals, greater administrative and financial delegation to executive departments, and setting up of targets of performance. Emphasis is also laid on the

development of middle-grade personnel, economy in construction, improvement of systems of reporting, strengthening of the machinery for planning in States and bringing in towns and cities into the scheme of planning.

The chapter on "Organisation of Public Enterprises" lends support to the proposal to set up a select committee of Parliament on public enterprises, and disfavours the appointment of Secretaries to the Ministries as Chairmen or Directors. Other important recommendations are : delegation of greater powers to Board of Directors in sanctioning of capital works and to the Managing Director or General Manager for getting results, the empowering of the General Manager to overrule the Financial Adviser provided the matter is subsequently brought to the notice of the Board of Directors, building up of management cadres within each enterprise, advance planning and setting of operating standards and norms, utilisation of surpluses for further development, and creation of research and development departments.

* * *

The Government of India has decided upon a series of measures for simplification of administrative procedures, as a result of a review of the present position undertaken in connection with the formulation of the Third Five Year Plan. The statement on the matter placed by the Prime Minister on the table of Parliament on August 10 is reproduced at pp. 264-270 of this issue of the *Journal*.

In place of the present Central Economy Board, a Committee on Administration has been constituted with continuous responsibility for promoting administrative efficiency. It will provide a standing

machinery for spotting administrative deficiencies and facilitating decisions for their removal. The Cabinet Secretariat has been bifurcated into two Departments, namely, the Department of Cabinet Affairs and the Department of Statistics. The Department of Cabinet Affairs will deal with Secretarial assistance to the Cabinet and Cabinet Committees; Rules of Business; and Organisation and Methods; and the Department of Statistics with standards and norms and methods of collection of statistics; Central Statistical Organisation; National Sample Survey; and Indian Statistical Institute.

An Economic Division has been set up in the Union Ministry of External Affairs. It will primarily be concerned with co-ordination of the activities of the various Ministries which have economic dealings with foreign Governments and international agencies.

A Committee has been constituted at the Centre to study the purchase practices of various Government agencies and evolve, as far as practicable, uniform procedure, terms and conditions of contracts, etc.

The Posts and Telegraphs Department has decided to separate the technical work of the Railway Mail Service from the postal branch and to set up separate regional organisations for the purpose.

The Sixth Report of the Central O & M Division emphasises that "O & M should function in the nature of administrative research on identified problems." Problems should be identified with the following objectives in view : (1) Procedures bearing on employees' satisfaction. (2) Location of points for contact with the public or aspects of work bearing on public relations in one form or the other. (3) Factors

leading to delays in taking decisions both on matters of policy and on issues referred to the Secretaries or Executive Officers by the public for clarification or remedy. (4) Factors responsible for faulty implementation of decisions and the steps that should be taken to make improvements in them. (5) Effective utilisation of staff. The work studies by O & M Division have revealed that meetings and conferences take at least 40 per cent of the working time of the senior and middle level officials in the Central Secretariat. The Government of Maharashtra has decided to establish three work study units for undertaking detailed studies of the organisation and methods of Offices and Departments under the State Government.

* * *

The Government of India has decided to increase the annual intake to the Indian Police Service through the competitive examination from 47 to 75 for the next three years so as to meet future needs. Their pay scales have also been revised to bring them more or less on par with the salaries of the other Class I Services.

A separate integrated police cadre has been constituted, for Delhi and Himachal Pradesh, with a permanent strength of 55 Deputy Superintendents of Police.

The Union Government has fixed a cadre of 116 posts for the newly created Indian Supply Service and of 91 posts for the Indian Inspection Service.

The Indian Council of Agricultural Research has sponsored a scheme to make use of the services of prominent scientists in the field of agriculture, animal husbandry and allied sciences, who have retired from service or are due to retire.

* * *

The Central Government has liberalised, with retrospective effect from June 1, the rates of over-time allowance for non-gazetted Central Government servants with pay below Rs. 500 p.m., with the exception of certain categories.

The rates of pension and gratuity admissible to members of the Central Services Class IV have been equalised with those admissible to other classes of Central Government servants.

Delhi City has been upgraded from 'B' to 'A' class for purposes of compensatory (city) and house rent allowance to Central Government employees. In consequence, these allowances have been increased.

The Central Government has decided that study leave should be liberally granted, particularly to scientific, technical and administrative staff, and that in suitable cases the staff should even be encouraged or advised to take such leave; and while it may not be necessary to extend the standard study leave terms to industrial staff, the question of providing them facilities for training and technical education may be considered by the administrative authorities. The purposes for which study leave may be granted may also include the studies which may not be closely and directly linked with a Government servant's work, but which are capable of widening his mind in a manner likely to improve his abilities as a civil servant and to equip him better to collaborate with those employed in other branches of the public service.

The State Government of Madhya Pradesh has also decided to liberalise the rules concerning study leave on similar lines.

* * *

In Andhra Pradesh, the age of superannuation of teachers has been

enhanced from 55 to 56 years.

The Madhya Pradesh Government has enhanced the rates of temporary increase in pension admissible to certain categories of pensioners, as follows : Rs. 8, for a pension of Rs. 20 p.m. or below; Rs. 10, for pensions between Rs. 20 and Rs. 60 p.m.; and Rs. 12 for pensions between Rs. 60 and Rs. 100 p.m.; with marginal adjustments up to Rs. 112 p.m.

The Pay Committee appointed by the State Government of Orissa in March 1960 has recommended that the minimum remuneration for the last grade Government servants should be Rs. 55 p.m.; rates of dearness allowance and leave and pension for the State Government employees should be at par with the rates recently sanctioned by the Central Government for its employees; and the age of superannuation for all classes of Government servants (including those whose age of retirement at present is 60) should be 58.

After considering the recommendations of the Andhra Pay Committee, the State Government has announced revised pay scales as follows : Upper Division Clerks—Rs. 110-10-200; Stenographers and Typists—to start at Rs. 62 in the scale of Rs. 50-120, on par with the Graduate Lower Division Clerks in the Secretariat.

The U.P. Government has refixed the age of retirement for future entrants to the State services at 55 years; (it was increased to 58 in 1957).

* * *

The Government of India has decided that recognised associations and trade unions should normally be permitted to hold meetings on open land outside the security zone of office and factory premises. The Government has also decided to

grant special casual leave up to 10 days in a calendar year for attending executive meetings, conferences, etc. Regarding the release of Government employees to work as full-time union functionaries, it has been decided that Government employees for whom recognized trade unions make a request might be released on foreign service terms.

The Government of Andhra Pradesh has decided to constitute the Andhra Pradesh Civil Services Joint Staff Council with effect from July 1, 1961. To begin with, the Joint Staff Council will include the State Secretariat, Revenue, Medical, Public Works, Agriculture, and Education Departments. In the Secretariat, and all larger offices, a senior officer will be designated as Welfare Officer to propose and implement measures for the welfare of the staff.

The Punjab Government has amended the Government Servants' Conduct Rules, 1955, to prohibit Government servants from becoming members of a Service Association which has as its office-bearer any person who is not a serving Government servant.

* * *

The Central Committee on Community Development has, at its meeting on June 23, decided that M.Ps., M.L.As. and M.L.Cs. should be associated with the Panchayati Raj institutions only as *ex officio* members. It considered a scheme to intensify the Community Development programme and agreed in principle that suitable incentives should be given to a block if it had registered all round progress. The Development Commissioners' Conference, held at Hyderabad from July 13 to 15, recommended a series of measures for effective development of Panchayati Raj institutions. The Conference agreed to the enunciation of identifiable tests by which

every tier in the system of Panchayati Raj could satisfy itself about the discharge of its responsibility.

The Estimates Committee of the Rajasthan Assembly has, in its 19th report on Community Development and National Extension Service Blocks, recommended a drastic reduction in existing Government personnel at the State, division and block levels, in view of the transfer of many responsibilities to the Panchayat Samitis since the introduction of democratic decentralisation in the State. Considering that with 'democratic decentralisation' in the Districts there should be simplification in the relationship between the Districts and the State Headquarters, the Rajasthan Government has decided to abolish the Revenue Divisions.

The Committee on Democratic Decentralisation, appointed by the Government of Maharashtra in 1960, has, in its recent report, recommended certain basic criteria for division of development and administrative functions of the State into the 'State Sector' and the 'Local Sector', the latter being entirely left to the care of the local bodies.

The set-up of democratic decentralisation under the provisions of the Orissa Zilla Parishad Act has been completed. The entire State has been delimited into 307 Blocks—210 Community Development Blocks and 97 Shadow Blocks. Panchayat Samitis were constituted for all the 307 Blocks in the State on January 26, 1961. By March 12, Zilla Parishads had been constituted in all the 13 districts of the State.

* * *

The ten-member Study Team on Co-operative Training, constituted in November 1960, under the chairmanship of *Shri S.D. Misra*, Parliamentary Secretary, Ministry of Community Development and Co-operation, has, in its recent report,

recommended, among others, the setting up of a National Board for Co-operative Training in place of the Central Committee as at present.

* * *

The State Government of Gujarat has constituted a Committee, consisting of the State Minister for Health and Industries (Chairman), the Minister for P.W.D. and Presidents of a few municipalities for rationalisation of the functions of Municipalities. The Committee will also examine whether it is desirable to have a common cadre of technical and administrative staff between the various municipalities and to have a central staff of experts to render necessary services to the municipalities in matters of planning and implementation of major technical plants, and also suggest further delegation of powers to the municipalities.

* * *

The Government of India has decided to establish two all-India Institutes of Management for providing training in Management at the highest possible standard and also to provide facilities for research in the field.

The Government of Rajasthan has constituted Study Circles in the Secretariat, Irrigation, Public Works, Forests and Excise and Taxation Departments, to encourage the administrative and technical personnel to keep themselves abreast with the up-to-date developments in their field of activities. In each case there will be two Study Circles, one for graduates and the other for non-graduates.

A new Department of Public Administration has been started at the Panjab University to impart instruction for M.A. degree in Public Administration. The Department will also provide guidance for doctoral studies in Public Administration of the University.

(II) ABROAD

The Burma Public Services Enquiry Commission submitted its report to the Government of Burma on May 18, 1961. A digest of this report may be found on pp. 401-404.

In Ceylon, the Salaries Commission has recommended a complete revision of salaries of public servants. It has proposed a minimum consolidated monthly wage of Rs. 135, a maximum of Rs. 2,000, and cuts in the salaries of the Governor-General, the Chief Justice and Parliament Secretaries. The Commission has also urged placing a ceiling on salaries in the private sector.

The U.K. Government has set up a new Department of Technical Co-operation to look after the work relating to technical assistance provided by the United Kingdom through international organisations as well as technical assistance given directly to the recipient countries. The new Department is also to administer the scheme for the continued employment of overseas officers but would not, however, be responsible for the transfer, promotion and discipline of members of the Overseas Service, which would remain the responsibility of the Colonial Secretary.

A new code of greater financial discipline and some new criteria for

running the nationalized industries (except railways) in Britain has been set out in a White Paper issued by the British Government. It points out that the operation of the nationalized industries with an unduly low rate of return on capital is sooner or later damaging to the economy as a whole. It must result either in higher taxation or greater borrowing by the Exchequer. The new code lays down that surpluses on revenue account should be at least sufficient to cover deficits on revenue account over a five-year period.

A United Nations' Committee of Experts has, in its recent report, suggested a new formula to rectify the imbalance and inequality in geographical distribution of staff in the U.N. Secretariat. The Headquarters staff of the Department of Economic and Social Affairs should mainly be concerned with general overall planning and basic research, direction and co-ordination of Secretariat activities for the various economic and social organs. Regional secretariats should have a substantial role to play in this process of overall planning and basic research from a regional point of view. The responsibility for the execution of technical assistance in the economic and social fields should be entrusted to the regional commissions and their secretariats.



INSTITUTE NEWS

The Executive Council, at its Forty-first meeting, held on July 16, approved of the formation of the Gujarat Regional Branch and its draft Rules of Business, as amended by the Standing Committee.

Two hundred and fifty new members were admitted to the Institute during the year ending the 31st March, 1961—Ordinary, 204; Associate, 32, Corporate, 8; and Life, 6. The total membership as on 31st March, 1961 was 1678.

A Five Year Programme Committee has been appointed by the Executive Council. It consists of *Shri N.H. Athreya, Prof. M.V. Mathur, Shri D.L. Mazumdar, Shri L.P. Singh*, and the Director. The Committee met on July 16 and August 19-20.

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A Committee on Case Studies, with *Shri S.S. Khera, I.C.S., Secretary, Ministry of Steel, Mines and Fuel, Government of India*, as the Chairman, has been set up to organise a pilot project on studies on the Indian Administration. The main objectives of the Case Study Programme sponsored by the Institute will be : (1) to build up a body of systematic knowledge about the administrative process in India; this may be of use in the teaching of public administration and also in indicating improvements in administrative practices and procedures; and (ii) to promote a deeper and wider understanding of the functioning of the Indian Administration in its environmental and institutional framework. About 20 'Cases' have been assigned to teachers and administrators.

At the instance of the Government of India, the Institute has undertaken to prepare a study on the 'flight of technical personnel' due to disparities in scales of pay and other conditions of service in public enterprises.

The third Annual Day of the Indian School of Public Administration was held at the Institute at 6 p.m. on the 15th July, 1961. The Hon'ble Chief Justice *Shri B.P. Sinha* presided on the occasion and awarded the Master's Diploma in Public Administration to successful candidates.

A 3-week refresher training course was organised from July 31, at the School for the middle management staff of the Indian Airlines Corporation.

The Research Staff of the Institute has been re-organised into specialist units like : (1) Constitutional Problems; (2) Urban Government and Community Development; (3) O & M; (4) Personnel Administration; (5) Financial Administration; (6) Public Enterprises; and (7) Social Welfare Administration.

Dr. Parmanand Prasad, Senior Research Officer, has been promoted as Assistant Chief Research Officer under the Director who has taken over direct charge of the Research Division.

Dr. A.P. Barnabas, M.S., Ph. D., Cornell University, till now Associate Professor of Agricultural Economics and Rural Sociology, Allahabad Agricultural Institute, has been appointed Assistant Professor of Sociology.

* * *

Under the Foreign Fellowships Programme of the Institute, four officers of the Government of India, three of the State Governments, one each from Madras, Rajasthan and West Bengal, and a university teacher (Bombay University), have been sent abroad for advanced study and training.

Short-term fellowships in India have been awarded to two University teachers, one each from Patna and Osmania University.

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Shri V.K. Narasimhan, Assistant Editor, "The Hindu", Madras, delivered a series of three public lectures on May 1, 2, and 3 on

"The Press and the Public"; "The Press and the Administration"; and "The Press, the Public, and the Administration" respectively. *Shri B. Shiva Rao*, formerly Member, Council of States, presided over the lecture on May 1; *Shri P.C. Chaudhuri*, formerly Secretary, Union Ministry of Information and Broadcasting, on May 2; and *Shri M. Ananthasayanam Ayyangar*, Speaker, Lok Sabha, on May 3.

Prof. John K. Galbraith, U.S. Ambassador to India, delivered a public lecture on "Planning and Public Administration" on August 25. *Shri Morarji Desai*, Minister for Finance, Government of India, presided.



DIGEST OF REPORTS

BURMA. REPORT OF THE PUBLIC SERVICES ENQUIRY COMMISSION, 1961, Rangoon, Supdt., Government Printing and Stationery, 1961, 189p.

The Public Services Enquiry Commission was appointed in May 1960 by the Government of the Union of Burma, under the chairmanship of *Mr. U. Chan Tun Aung*, the then Chief Justice, High Court, "to suggest an administrative set-up which will consist of officials capable of acting according to law and in the interests of the masses, and who are straight-forward, impartial, qualified and honest." The Commission submitted its report on May 18, 1961.

The important recommendations of the Commission are as follows :

(i) CONSTITUTIONAL AND STATUTORY ASPECTS

(1) The following new provisions may be incorporated in the Constitution :

(a) The appointment, removal or dismissal of public servants holding civil posts shall be vested in the President of the Union of Burma or in such authority to whom such power has been delegated.

(b) The Parliament may make laws regulating the recruitment and conditions of service of persons appointed to the public service.

(2) A separate Civil Services Act should be enacted incorporating some basic requirements, pertaining to conditions of service (other than those listed in (1) above).

(3) No public servant holding a civil post shall be removed or dismissed by an authority subordinate to that by which he was appointed.

(4) No such person shall be reduced in rank, removed or dismissed until he has been given a reasonable opportunity of showing cause against the action proposed to be taken against him.

(ii) PUBLIC SERVICE COMMISSION

(1) All appointments to the civil service should be through open competitive recruitment through the Public Service Commission which should be empowered to delegate powers of recruitment to any particular Government agency, as and when it is considered necessary, to be exercised under its direction and supervision.

(2) The Commission should, on its own, advise on matters which it considers to be necessary for the efficiency of the public service and present to Parliament an Annual Report of its work during the preceding year.

(3) The tenure of office of its members should be five years with eligibility for appointment for a second term; the minimum age should be 40 and the maximum 65; and no ban should be imposed on either the Chairman or on the other members for employment under the Government on completion of their tenure of office.

(iii) CONDITIONS OF SERVICE

(a) *Promotion and Appeals*

(1) Government should take entire control regarding the promotion and discipline of officers above

the Selection Grade. This responsibility can be discharged satisfactorily through a Central Advisory Promotion Board under the chairmanship of the Chief Secretary.

(2) Departmental promotion boards should be constituted for promotion to posts below Selection Grade down to the clerical level.

(3) An Appeal Board should be constituted in the Public Service Commission to hear and determine appeals concerning promotion to and in disciplinary action in Junior and Senior Branches and in Selection Grade.

(4) Appeals from officers of executive grades below the level of the Junior Branch and from members of the clerical and sub-clerical grades including record suppliers, typists, stenographers, etc., should lie to the Departmental Appeal Board concerned whose decisions should be final.

(b) Discipline

(1) Civil servants at all levels should not be allowed to participate in political activities. A definite penalty for its infringement should be prescribed.

(2) Civil servants should be prohibited from resorting to strike as a means of forcing the authorities concerned to meet their demands. Rules in specific terms be framed in respect of the right to strike, recourse to subversive activities and the quantity, quality, nature and value of the gift which may be accepted. More publicity should be undertaken to combat subtle forms of corruption such as accepting gifts, gratuities, favours, etc.

(3) Until such time as a joint-consultation system similar to the British Whitleyism can be instituted with success, a less formal arrangement whereby the Government seeks the advice of the relevant staff

associations on all important principles affecting the conditions of service and the welfare of the civil servants should be adopted.

(c) Remuneration and Retirement Benefits

(1) Immediate steps should be taken to bring about realistic increase in salaries of all civil servants. The issue of salary increases be treated separately from the issue of retrenchment. Pending an upward revision of the salaries of all classes of civil servants, an immediate flat rate percentage increase be made.

(2) Government may consider the setting up of a machinery for constant review of wages and salaries.

(3) The age of retirement should be raised from 55 to 58.

(4) To enable the civil servants especially in the lower ranks to draw higher pension the present cost of living allowance should be merged in the revised salary scales.

(d) Leave, Working Hours and Holidays

(1) There should be no invidious distinction between superior service and inferior service personnel for purposes of leave benefits. There should be graduated rates of leave allowances fixed in relation to pay scales and length of service for all grades of permanent and temporary staff. The rates should rise with the pay and the length of service on the consideration that an employee needs more leave for rest and recuperation as his duties and responsibilities increase and he advances in age.

(2) Temporary Government servants, who have completed three years continuous service, should be allowed the same leave concessions as permanent personnel.

(3) The leave periods of temporary and officiating Government

servants should count for purposes of increments and promotion; and in the case of officiating personnel, for pension.

(4) The existing sick leave rules should be liberalized after a detailed examination.

(5) For office staffs, who now work $5\frac{1}{2}$ days a week, Saturdays should be made full holidays and as a compensatory measure against the loss of 3 hours working time on Saturdays, office hours should be altered to 9 a.m.—5 p.m. with a daily $\frac{3}{4}$ hour interval for lunch from 1 p.m. to 1.45 p.m.

(6) The number of public holidays should be reduced from 20 to 15 days.

(IV) ECONOMY AND EFFICIENCY

(1) There should be greater delegation of authority and more decentralization of functions in every level from the highest to the lowest. The question of decentralization of existing financial powers should be examined further in detail with a view to delegating more powers to administrative Ministries and authorised officers to accord financial sanctions for incurring expenditure in their Departments. This examination should cover all classes of expenditure.

(2) Eventually, a Finance Officer should be appointed in each administrative Ministry or a group of two or more Ministries depending on their size. As an initial measure, a Finance Officer should be appointed in one or two selected Ministries in the Secretariat.

(3) Division of work should be made in writing and the duty statement should be made known to each civil servant as soon as he occupies a post.

(4) Officers not below the rank of Assistant Secretary, who would be handling O & M work, should be

carefully selected from the various services and sent to undergo training at governmental organizations like the Treasury in the United Kingdom and the Public Service Board in Australia.

(5) A team of staff inspectors, not below the rank of Assistant Secretary, should be appointed and detailed for duty of surveying periodically the whole of the staff in all Government Departments. They should be trained abroad, either in the United Kingdom or in Australia, in such techniques of staff inspection as work measurement, work study, job analysis and position classification.

(6) Each Secretary should make a half-yearly report to the Chief Secretary regarding the action taken by him and by the various heads under him on the recommendations relating to Organization and Methods made by the Public Services Enquiry Commission, and the assistance that is desired.

(7) The Chief Secretary, who is located in the Office of the Prime Minister, should be assigned definite duties of supervision and control in his role as adviser to the Prime Minister on all service matters. He should continue to be associated with matters relating to postings, transfers, promotions, and discipline for all the services in respect of specified grades.

(V) TRAINING

(1) Departmental training courses should be conducted in all major Government organizations and the instructional courses for departmental training officers given at the Institute of Public Administration and Management should be availed of by these organizations.

(2) The Public Administration Division of the Prime Minister's Office should set up a Training Advisory Board to ensure that the

various training agencies exchange information, pool their resources and in every possible way co-ordinate their activities.

(3) Training courses for entrants to the Senior Branch of the various services other than technical services should continue to be the responsibility of the Institute of Public Administration and Management.

(4) The Diploma in Management and Administration (DMA), given at the Commerce Department of the Rangoon University, should be continued.

(VI) RE-ORGANISATION

(1) A small re-organization committee should be constituted to go into the question of amalgamation of Ministries and to make specific recommendations.

(2) Integration of Ministries with functional Departments should be effected in one or two Ministries as a pilot scheme.

(3) A detailed examination of Specialised Services, like the Judicial, Foreign and Police, should be undertaken as regards their structure, functions and conditions of service.

(4) An *ad hoc* re-organization committee should examine the service structure and explore to what

extent a unified civil service is now possible.

(VII) BOARDS & CORPORATIONS

(1) Till such time as proper schemes for managerial training are evolved and implemented to equip the personnel of sub-managerial level in Boards and Corporations for higher responsibilities, the present procedure of posting Burma Civil Service officers to certain posts of middle and top-management should continue. Secretariat and other service personnel possessing requisite qualifications and experience should also be considered for such appointments.

(2) Recruitment to Boards and Corporations up to and including the Selection Grade level should be through the Public Service Commission. Recruitments beyond the level of the Selection Grade should be made, as an interim measure, by or with the approval of Government.

(3) For purposes of discipline, the Board or Corporation should have its own rules of procedure, but the final appeal for the Senior Branch level up to and including the Selection Grade should rest, for the present, with the Public Service Commission. In the case of those above the Selection Grade, appeals should be to Government.

U. K. REPORT OF THE JOINT COMMITTEE ON SERVICES AT CROWN POST OFFICE COUNTERS, 1959, London, Her Majesty's Stationery Office, 1960, 71p.

The Joint Committee on Service at Crown Post Office Counters was appointed by Her Majesty's Post Master General in April 1959 under the chairmanship of Mr. L.J. Taylor to advise "Whether conditions and procedures at Crown Post Office counters are the best that can be devised to ensure the efficient, courteous and economical transaction of public business". Different interests, viz., customers, agency services, staff and postal

services, were represented on the Committee. The Committee's scope of work was limited to the working of about 1800 Crown Post Offices staffed by Civil Servants; Scale Payments Sub-Offices (numbering about 23000) were outside the terms of reference.

A prime duty of the Committee was to investigate the nature of complaints about the counter service as also the reasons for these complaints.

The Joint Committee availed the services of a firm of industrial consultants to make a study of existing arrangements for the organization of the work and customer relations at counters and suggest improvements. The Joint Committee appointed a Sub-Committee to scrutinize existing procedures employed in counter work and to advise on the possibilities of improving them to the benefit of both customer and staff.

Among the recommendations made by the Joint Committee, the important ones are :

(i) AGENCY WORK

(1) The local Post Office has long been regarded as a kind of universal provider of social services. The expansion of the Agency Services, particularly since the coming into being of the Welfare State, has been spectacular and accounts in a large measure for the increasing pressure of work at Post Office counters and for the problems to which that pressure is giving rise. The Agency Services in addition to sale of different types of stamps include issue of Broadcast Receiving licences; Motor Vehicle licences; Local Taxation licences (Dog, Gun, Private Brewers, etc.); Tobacco Tokens; display of posters and issue of application forms and explanatory leaflets; holding of Electors Lists and Registers of Electors for reference by public; holding of lists of doctors etc., for reference by public.

(2) The possibility of accepting additional agency work which only the Post Office can handle satisfactorily must be recognized. The Post Office should be on the alert to transfer agency work to other Departments or organisations who can do the work at least as well as the Post Office.

(ii) ORGANISATION OF WORK AT COUNTERS

(3) The Postal Services Department should be apprised of, and have an opportunity to comment on, procedural changes before they are introduced. (A long-term study of counter procedures should be made.)

(4) (i) A special study should be made at all offices to define the extent and causes of absences from the counter with the determination to eliminate or at least reduce them by improvement in local organisation.

(ii) Counter clerks who must leave customers for such jobs as the despatch of telegrams should give an explanation to the next waiting customer and, if possible, direct him to an alternative till.

(5) Self-service machines should be well sited, very well maintained and always well stocked. A liberal policy of providing self-service facilities in places where the public tend to congregate should be adopted if it is practicable and economical.

(6) (i) At present work at the counter is organised in three main ways : (a) "specialisation"—that is to say, some of the tills at the counter are equipped to deal with only one category of business, e.g., acceptance of grams; (b) "team working"—counter work handled by teams of officers organised into two groups, one for stamps and allied transactions and a second for banking, money order and associated business; and (c) "composite working"—where all the clerks have tills so equipped that they can handle all classes of business. The consultants have recommended that the introduction of composite working at no less than 95% of all Crown Post Office counters would provide a greatly enhanced service to the public. In their view introduction of this form of working would enable 72.5% of customers to have immediate service compared with 47.9%

under team working; 96.7% would wait less than two minutes compared with 75.6%, and only 0.6% would have to wait over 5 minutes compared with 8.1%. The average waiting time would fall from 1.28 to 0.31 minutes.

(ii) The Joint Committee, however, feels that the recommendation by the consultants that their conclusions on the benefits of composite working should be tested by practical application and computer simulation. A computer programme should be arranged so that the service given with team working and with composite working can be compared. A full-scale experiment in composite working should be conducted at three Head Offices and if the results are favourable, further trial should be undertaken at three offices of various sizes in each Region.

(7) (i) A major problem of organisation is to match staffing provision at the counter to the irregular and unforeseeable ebb and flow of customers.

(ii) The techniques suggested by the consultants, whereby tabular statements based on the theory of queueing would be used for staff assessment purposes, should be considered.

(iii) The consultants have recommended that consideration should be given to the partial co-ordination of the writing and counter duties to improve flexibility of staffing. The Joint Committee considers that the advantages and disadvantages of this "hybrid" type of duty should be studied. There should be a balanced approach to counter organisation and staffing so that improvements secured now are not frittered away in the future.

(III) ACCOMMODATION

(8) A general campaign to improve the amenities at all sub-standard

Crown Post Offices should be undertaken.

(9) Provision should be made for up-to-date matching equipment, attractive colour schemes and the employment of modern lighting, heating and ventilating techniques at public offices.

(IV) STAFF

(10) All entrants to the Postal and Telegraph Officers grade should pass an interview board. Positive guidance should be given to the selectors to make the interviews really effective.

(11) The standard courses given at Central Training Schools should be simplified, and the theme of good relationships at the counter should dominate the courses. The streamlined centralized training should be preceded by local background instruction and followed by employment under normal working conditions at a selected office where experienced practical officers trained to give guidance to beginners are at hand. Training staff at central schools should visit offices to study the results of their instructional methods. Central training school reports should be revised to give more positive information about trainees.

(12) Monthly appraisements for the first three months and, thereafter, quarterly should be prepared for Open and Limited Competition entrants.

(13) Dress should be neat, quiet and tidy : with a neat clean shirt of unobtrusive colour and pattern and a compatible collar and tie. Some relaxation should be permitted on the hottest days of the year.

(V) SUPERVISION

(14) Counter duties are unpopular with all counter clerks :

they grudge the early years spent on such duties whilst waiting for a writing job. The Department should emphasise that the counter job is as important as any of the duties of the Postal and Telegraph Officers Grade.

(15) Unnecessary frequent rotation of duties should be stopped. Substitution should be shared between the writing and counter spheres. Duties of officers responsible for counter supervision should be reviewed and extraneous paper work which prevents them doing their counter job properly should be removed. When full-time supervision is not warranted, someone should be designated as "In Charge" of the counter.

(16) The present course of training for supervisors should be reviewed with special attention to the need for : (a) more guidance to the counter supervisor about his job as a leader and a manager responsible for the quality of service; (b) counter supervisors to know what the customers and the Post Office expect of them and how best to achieve it.

(VI) CUSTOMER RELATIONS AND PUBLICITY

(17) From the three different sources of information available to it, the Joint Committee is led to believe that of all customers less than 10% are critical on the score of impoliteness and other associated shortcomings, such as off-handedness, inattention and impersonal manner. In any sphere of human relationships where there is incompatibility or lack of harmony it is common sense to reckon that not all the faults are on one side.

(18) The Post Office must give information about counter services in an attractive fashion on a much greater scale than ever before. The Post Office should pay for prestige and other press publicity to show the public how the Post Office does try to help them and how they might make better use of the service. If customers understand the why and wherefore of counter organisation, regulations and procedures they are much more likely to be tolerant and more appreciative of good service.

U. S. A. REPORT OF THE SUB-COMMITTEE ON NATIONAL POLICY MACHINERY OF THE SENATE'S COMMITTEE ON GOVERNMENT OPERATIONS, Washington, Government Printing Office, 1960, 10p.

The National Policy Machinery Sub-Committee of the United States Senate's Committee on Government Operations has made a non-partisan study of how American Government can best organize to formulate and execute national security policy. The first report issued by the Sub-Committee is titled 'Organizing for National Security—Super-Cabinet Officers and Superstaffs', and it examines the merit of various proposals of far-reaching and novel changes in Governmental organisation and provides a background for the detailed suggestions for improving policy

machinery which the Sub-Committee is to cover in its forthcoming reports.

The Sub-Committee worked under the chairmanship of Henry M. Jackson and consisted of four other Senators. The Sub-Committee drafted its report after seeking the counsel of present and former officials of the Government, outstanding private citizens, eminent scientists, military leaders, and distinguished students of the policy process. It also took extensive testimony in public and executive session. The Sub-Committee worked with a scholarly and objective outlook and it

sought advice without regard to party.

The Sub-Committee made a thorough study of the proposal for the creation of a "super-cabinet" officer or "super-cabinet" staff to encompass the whole range of national security problems. In the views of the protagonists of this proposal the problems of national security have assumed new dimensions. Now almost every department of the American Government and some 18 independent agencies are involved with national security policy; and the planning and execution of national security policy cut across the jurisdiction of many departments and agencies. This situation has imposed upon the President of U.S.A. a heavy burden of policy development, co-ordination and execution of national security programmes. Contemplating these problems now faced by a President, some have concluded that "he requires the assistance of a new First Secretary, 'super-cabinet' officer, who would deal across the Board with national security problems."

The Sub-Committee however holds different views about the solution of these problems. It feels that "super-cabinet" officers or above-the-department "superstaffs" would not ease the problems now faced by the President in setting and maintaining the national course. The Sub-Committee considers that placing a First Secretary between the Secretaries of State and Defence and other Cabinet Officers, who report directly to the U.S. President will inevitably generate friction and resentment; that will also mitigate against the maintenance, by the First Secretary, of a close, confidential, personal relationship with the President which is essential for the First Secretary's effectiveness. It is most unlikely that a President would in fact give a First Secretary the consistent backing and support he would

require to maintain his primacy over other Cabinet members, as that might make the First Secretary an independent force, politically capable of rivaling the President himself. A First Secretary would not be able to give substantial relief to the President whose responsibility in certain matters cannot be delegated. On the whole, the addition of a First Secretary to the policy-making process would make the burdens of the U.S. President heavier. "Reforms, to be effective, must be in terms of the real requirements and possibilities of the American governmental system. That system provides no alternative to relying upon the President as the judge and arbiter of the forward course of policy for his administration."

The Sub-Committee is equally opposed to the creation of a Staff Agency for National Security Affairs to do a better policy of long-term planning. Such an Agency would confront the traditional unwillingness of the departments to surrender their own responsibility for policy development and execution; it would lack enough power to give the President effective assistance, but would be sufficiently powerful nonetheless to meddle in the affairs of the great departments.

* * *

The general directions for reform suggested by the Sub-Committee are :

(1) There has been too much emphasis on co-ordination and too little on delegation. Policy-making has tended to be reduced to a group effort where no single person has real authority to act and where no one individual can be rewarded for success or penalized for failure. There is need to delegate more authority for decision-making to individual heads of departments and agencies.

(2) The National Security Council, as a collective body, is not a proper forum for developing bold new ideas or translating them into effective action. Yet it can still be a useful advisory body to a President. It can discharge this role best if there are fewer participants in its meetings; it concerns itself only with issues of central importance for Presidential decision; it works through less institutionalized procedures; it relates its activities more closely to the budgetary process; and it gives the Secretary of State a greater role in the development of broad policy initiatives.

(3) The Secretary of State, as First Secretary of the Government, should be able to advise the President on the full range of national security matters, from the point of view of their relation to foreign problems and policies. The Secretary of State should not be given any legal or supervisory authority over other cabinet officers. The Department of State should be competently staffed with generalists, economists, and military and scientific experts to support the Secretary in understanding and following all fields falling within his broad concern.

(4) The military power should be more closely related to foreign policy requirements. The reforms suggested in this direction are : more vigorous employment of the broad authority already invested in the Secretary of Defence; more active participation of the Secretary of Defence in the deliberations of the Joint Chiefs of Staff; increased reliance upon the Joint Staff for planning;

an acceleration of existing trends toward functional commands; a budgetary process more consonant with the requirements of modern weapons technology; a promotion system which encourages officers to become versed in the broad problems of national security; a Pentagon career service which does more to develop outstanding civilian officials; and selecting for top policy positions only candidates willing to remain in their posts well beyond the period of apprenticeship on their jobs.

(5) The budgetary process should be made a more effective instrument for reviewing and integrating programmes and performance in the area of national security.

(6) The Presidency should intervene flexibly, imaginatively, and fast where gaps in policy development or execution threaten to upset the cardinal objectives of the President. This would require more discriminating use of able staff assistants in the President's Office who are alert to trouble spots and sensitive to the President's own information needs.

(7) The standards of excellence among career and appointive officials should be raised. The legal and financial handicaps, which now discourage highly qualified private citizens from serving governmental tours of duty, should be removed. The conventions, which have often deprived an administration of the service of members of the opposition political party, should be abandoned. "The yardstick for making appointments to key national security posts should be ability to do the job, regardless of party."

BOOK REVIEWS

CIVIL SERVICE OF PAKISTAN—A Theoretical Analysis; By RALPH BRAIBANTI, In South Atlantic Quarterly, Spring 1959.

This article on the Pakistan Civil Service is of interest to India as well as Pakistan because the civil services of both countries have had a common origin and many similar problems. Since partition, both have steered upon different courses. Naturally, differences in outlook and operation have developed. India is a secular state whereas Pakistan is an Islamic Republic; India is a democracy whilst Pakistan is at present a benevolent military dictatorship. Starting with the same traditions, the civil services of India and Pakistan are in the process of gradual adjustment to the rapidly changing circumstances of their respective countries.

* * *

Though the title of this scholarly essay is qualified with the phrase "a theoretical analysis", it has much practical value. Prof. Braibanti points out that though the economic and social circumstances in the new, developing state of Pakistan have changed since the departure of the British, the higher administrative services in that country continue to be characterised by 'classical generalism or guardianship similar conceptually to Confucian and Platonic canons'. They have an excessively non-empirical generalist orientation which, he considers, is detrimental to administrative efficiency and the acceleration of economic growth. Not that attempts have not been made to correct the excessive generalist bias, and to improve the machinery of administration. According to Prof. Braibanti the military government has more quickly

discarded the literary-generalist tradition of the civil bureaucracy.

The generalist tradition is fully reflected in the systems of recruitment and training. During the years 1950-56 'the candidates appointed to the General Superior Services in the Public Service of Pakistan were examined principally in the humanities rather than in the social sciences, pure sciences, or in mathematics'. Forty per cent of the successful candidates had offered political science; fewer than 25 per cent, economics; and fewer than 5 per cent, pure sciences or mathematics. The training imparted at the Civil Service Academy at Lahore has an empirical element in the matter of field work in land settlement and assessment, but the ethos of the service which it inculcates is one of guardianship and resistance to influences of the post-partition political pressures. There is a greater reliance on past British traditions and training in Pakistan than in India. As the author observes, "it is ironic that the Hindus of India, who quickly accepted British education before partition, ceased sending their probationers to England after independence had been won but the Muslims of Pakistan, despite their history of resistance to British education, continue to rely on it for the civil service". At the Finance Services Academy, which trains officers for Audit and Accounts, Railway Accounts, Customs and Excise, Income Tax, and others which are under the jurisdiction of the Ministry of Finance, "there is an egalitarian atmosphere and a lack of the more formal aspects

of life found at the Civil Service Academy."

The author concludes that too great a gap between masses and the rulers is likely to endanger the effectiveness of bureaucracy which will have the principal responsibility in the foreseeable future for national policies. "Pakistan approaches its problems of the public service with the long influence of a British literary tradition and the newer but more aggressive influence of an American technical bias." This would require a new synthesis and a fuller realization of its role and limits in a larger society by the bureaucracy.

* * *

Prof. Braibanti's foregoing penetrating analysis naturally has an American bias for specialisation but the degree of specialisation depends on the stage of social and economic development of a country. In under-developed countries like India and Pakistan the progress towards specialisation must be gradual and adjusted to the rate of economic and cultural development. What Prof. Braibanti terms as lack of empiricism is really a problem of re-orientation and training to enable the civil servant to adjust himself to the new role of co-ordinating and integrating the innumerable administrative tasks connected with development. Such reorientation has already started under the impact of development and it will forge ahead as development gains further momentum. In a developing economy both the technicians and the generalist-administrators have a complementary role. As development proceeds and specialisation advances, the service structure will adjust itself and become differentiated rather than unified except at the top-most level. The role of the public servant as the guardian of public interest, in developing economies like those of India

and Pakistan with their low level of education, extreme poverty, and with democracy still to find its grass roots, has necessarily to be somewhat different from that in the U.S.A. with its development economy, high standards of education and living and well-entrenched democratic traditions. The role of the administrator in a developing economy will keep changing with the demands of development.

* * *

The Indian civil servant of undivided India was criticised by politicians as being neither Indian, nor civil, nor servant. But there was never any doubt regarding the efficiency and integrity of this service. In the opinion of many, it was one of the most distinguished civil services of the world. The Indian Civil Service was the embodiment of the Platonic concept of "Guardians governing by the light of what they knew to be beautiful and good." As a result, this service developed high traditions which, though they certainly need adaptation to modern developments, should not be lightly discarded. A good civil service cannot be brought into existence immediately or by chance. It is to be built up cautiously and deliberately.

The slow, deliberate, cautiously planned and carefully considered procedures of the old Indian Civil Service can no longer satisfy a people who expect their Government to discharge the functions of a modern welfare State. Nevertheless it is on this very civil service with its past background of guardianship that both India and Pakistan have had to lean heavily not only for maintaining law and order for which it was of course well trained but also for promoting rapid economic development. Both have attempted to re-orientate the civil services to the new tasks of development. In

Pakistan perhaps the process of adjustment has been slower and the guardianship concept has to a large extent been maintained. In India there is a strong antagonism to the survival of any traces of past bureaucratic attitudes. Many feel that bureaucracy has dominant attributes that repel entrepreneurial values and that a bureaucracy vested with discretionary powers should not be dominated by "entrepreneurial attitudes which are not concerned with, and even disdainful of, the larger

public interest."

Here then is the problem confronting both India and Pakistan. How can the civil service help to identify the public will with the public interest and how can the public interest in the economic sphere be reconciled with entrepreneurial efficiency and normal business principles. Both countries are experimenting in their own way towards the solution of this problem.

S. LALL

INDIA'S CONSTITUTION IN THE MAKING; By B.N. RAU; ed. B. Shiva Rao, Bombay, Orient Longmans, 1960, lxx, 510p., Rs. 25.00.

The full story of the framing of the Constitution of India is yet to be written. No one would have been better fitted for writing the story than Shri B.N. Rau who guided the Constituent Assembly as its Constitutional Adviser in the most difficult task of framing a Constitution for our country. His untimely death deprived us of a valuable work which would have been of immense help to all of us and particularly to constitutional lawyers and students of political history in understanding the background of our Constitution.

Shri B. Shiva Rao, by bringing out this volume, which contains a collection of notes, reports and memoranda prepared by Shri B.N. Rau for the benefit of the members of the Constituent Assembly, has done a great service. The source-material collected in this book will render the task of any one attempting to write the history of the framing of our Constitution easier. The foreword written to this book by our President, Dr. Rajendra Prasad, who was also the President of the Constituent Assembly, gives a vivid picture of the most significant role played and valuable service rendered by Shri B.N. Rau in the framing of the Constitution.

The biographical sketch inserted in the book gives an account of the

remarkably brilliant career of Shri B.N. Rau and shows what a record of achievements this eminent son of India had in every sphere of his activities. Whatever assignment was given to him he shed lustre and brilliance to it. Shri Shiva Rao's introduction to the book gives an insight into the profound knowledge of constitutional affairs which Shri B.N. Rau possessed and the manner in which he tackled the most difficult and intricate constitutional problems. In fact he was so intimately connected with the constitutional affairs of this country between the years 1945 and 1949 that it would not be an exaggeration to say that he was almost interwoven in the constitutional history of our country for that period.

The President has aptly remarked that Shri B.N. Rau visualised the plan and laid the foundation of our Constitution. The edifice of the Constitution was built principally by the galaxy of stars—the members of the Drafting Committee headed by its distinguished Chairman, Dr. B.R. Ambedkar. Other members of the Constituent Assembly also made valuable contributions towards the fulfilment of this stupendous undertaking. The part played by each will be recorded by future historians.

But from my personal experience I must say here that it was a joint effort in which almost everyone from the President—who was the source of great inspiration to all—and the Prime Minister—who was the source of perennial light and strength to all—down to the humblest member of the staff of the Constituent Assembly Secretariat played their part. Inspired by the noble example of the Constitutional Adviser and imbued with feelings of pride at the opportunity of being associated with the historic task of framing the Constitution of free and independent India, the members of the staff enthusiastically applied themselves heart and soul to the service of the Constituent Assembly.

* * *

I think it will not be out of place to give here a brief account of the various stages of work of the Constituent Assembly and its committees with which Shri B.N. Rau was connected in so far as they have not been specifically dealt with in this book. This will give an idea of the magnitude of the task performed by the Constituent Assembly and the enormous assistance it received from Shri B.N. Rau throughout all the stages of its work.

I joined the Constituent Assembly in the last week of May 1947, as its Joint Secretary and Draftsman. As the time for taking in hand the actual drafting of the Constitution was drawing near, Shri B.N. Rau brought me from Bengal, where I was working as Legislative Secretary, to assist him in the work. When I came to Delhi, the Constituent Assembly was in short recess and Shri B.N. Rau was in Simla. As a step preparatory to the drafting of the Constitution, the Constituent Assembly had then already set up several committees to report on various

matters relating to the constitution making, such as, the Advisory Committee on Fundamental Rights, Minority Rights and Tribal Areas, the Committee to report on the scope of Union Powers, the Committee to report on the main principles of the Union Constitution, the Committee to report on the principles of a model Provincial Constitution, etc. The two Committees—one to report on the main principles of the Union Constitution and the other on the principles of a model Provincial Constitution—were set up by the Constituent Assembly by two resolutions passed at its sitting held on April 30, 1947. Shri B.N. Rau prepared two memoranda—one on the Union Constitution and the other on the Provincial Constitution. These two memoranda which have been set out on pages 62 to 152 of the book were circulated to the members of the Union Constitution Committee and the Provincial Constitution Committee.

The Constitutional Adviser, Shri B.N. Rau, returned from Simla shortly after my arrival in Delhi, and the various committees of the Constituent Assembly commenced their sittings in June 1947. I used to attend the sittings of all these committees with the Constitutional Adviser. Momentous changes had taken place in the country in the meantime. The Cabinet Mission's Plan of May 16 underwent a significant change as a result of the historic statement of the British Government of June 3. The partition of the country had been decided upon and India was to be a free and independent Dominion by the 15th August, 1947. The whole programme of the Constituent Assembly was reoriented to meet the new situation. The various committees of the Constituent Assembly which were appointed to give effect to the Cabinet Mission's Plan set about their work

in the light of the new changes brought about by the latest declaration of the British Government. The Committee on Provincial Constitution submitted its report on the 27th June, 1947 and that on the Union Constitution on the 4th July, 1947. The Committee on the scope of Union powers submitted its report on the 5th July, 1947. In the meantime the Order of Business Committee of the Constituent Assembly held a meeting on the 3rd July, 1947 and recommended that the reports of the Union Constitution Committee, the Union Powers Committee and the Provincial Constitution Committee should be considered by the Constituent Assembly in its July session and the Assembly should take decisions on these reports in that session and that the work of drafting the Constitution Bill should be taken up and a drafting committee appointed without delay.

After the meeting of the Order of Business Committee, Shri B.N. Rau asked me to take up the preparation of a draft of the Constitution immediately so that it might be placed before the Drafting Committee as soon as such a committee was appointed. In reply to his question as to what time I would take to complete the preparation of the draft, I told him that I would require about six weeks' time. A few days later he told me that I must try to complete the draft in course of a month. I would never forget the feelings of pride and exhilaration I experienced when I was entrusted with the task of preparing a draft of the Constitution of a free and independent India.

The Constituent Assembly re-assembled on the 14th July, 1947. During its July session it completed the consideration of the report of the Provincial Constitution Committee and almost the whole of the report of the Union Constitution Committee. The report of the Union

Powers Committee was considered by the Assembly in its August session. The Constituent Assembly also considered the report of the Advisory Committee on Fundamental Rights and Minorities during its August session.

I submitted the draft of the Constitution prepared by me to the Constitutional Adviser before one month. This draft incorporated all the decisions taken by the Constituent Assembly on the reports of the various committees up to that time. Where the Constituent Assembly had not taken any decision on any matter, the recommendations of the relevant committees on such matters where available and where they were not available other appropriate provisions were incorporated in the draft. The draft so prepared by me consisted of two parts—one containing the clauses of the Constitution and the other the Schedules.

The Constitutional Adviser sat from day to day to scrutinize the draft prepared by me and made necessary changes therein. I was really amazed to see his capacity for work. He would not feel tired of working at a stretch for hours together. For us there was no holiday. We did not work on the 15th August, 1947, the day on which the transfer of power took place, but otherwise we sat from day to day irrespective of holidays until the scrutiny of the draft was completed. On the 16th August, 1947, when the whole of Delhi, nay the whole of the country, was celebrating the achievement of independence, Shri B.N. Rau was sitting with me in his Hardinge Avenue house in New Delhi and scrutinizing the draft prepared by me. It was really a pleasure to work with him. He was quiet and unassuming and on no occasion I saw him ruffled. It was really a treat to discuss intricate legal and constitutional problems with him. I was immensely struck by

his profound grasp of fundamentals, the clarity of his mind and his wonderful power of exposition. He had a judicial temper in the strictest sense of the term and had broad and practical approach to all problems reflecting his extensive knowledge of the conditions of the country and vast administrative experience. In constitutional matters he would evolve a formula to meet the most difficult problem which had baffled many experts. The notes, memoranda, etc. collected in this volume bear ample testimony to his vast erudition and profound knowledge of constitutional affairs.

The draft of the Constitution as finally settled by the Constitutional Adviser was printed in two parts—one dated the 7th October, 1947 containing the clauses (240 in number) and the other dated the 18th October, 1947 containing the Schedules (13 in number). The Constituent Assembly at its sitting held on the 29th August, 1947, adopted a resolution appointing a Drafting Committee. The Drafting Committee with Dr. B.R. Ambedkar as the Chairman first met on the 30th August, 1947 to settle its programme of work. When the Committee met again, the printed draft of the Constitution referred to above was placed before it. The Drafting Committee then started its work on this draft. Shri Shiva Rao has not mentioned in this book anything about this draft which formed the working basis of the Drafting Committee.

After a short recess, the Drafting Committee continued the work from day to day till it produced on the 21st February, 1948 a draft of the new Constitution of India as settled by the Committee. This draft contained 315 Articles and 8 Schedules. In preparing the draft, the Drafting Committee endeavoured to follow as far as possible the decisions taken by the Constituent Assembly or its

committees. In respect of some matters, however, the Drafting Committee considered it necessary to suggest certain changes. All those changes were indicated in the draft as prepared by the Drafting Committee and the reason for each change was explained in the foot notes inserted in the draft, and also in the report submitted by the Committee on the 21st February, 1948. I attended the sittings of the Drafting Committee throughout and assisted the Committee in preparing the re-draft of the various clauses and also the draft of many new clauses. Shri B.N. Rau also attended most of the meetings of the Committee and helped the Committee by giving guidance and advice on difficult constitutional points and drafting technicalities. For a brief period Shri Rau went abroad for personal discussions with leading constitutional authorities in U.S.A., Canada, Ireland and U.K. and the report submitted by him about such discussions on return from his tour proved very valuable to the Drafting Committee. This has been pointed out by Shri Shiva Rao in the book.

After the draft Constitution as prepared by the Drafting Committee was submitted to the President of the Constituent Assembly on the 21st February, 1948 it was released to the public and comments, criticism and suggestions for amendment were invited from the members of the public in general and learned bodies and societies and legislators in particular. The members of the Constituent Assembly were also requested to send in their suggestions or any amendments which they wished to propose. Thereafter a very large number of suggestions and amendments were received not only from the members of the Constituent Assembly but also from the members of the public, public bodies, provincial governments, etc. I was entrusted

with the stupendous task of examining all these comments, suggestions, amendments and preparing notes on them. After my notes had been prepared, I went to Simla in May 1948 to discuss the amendments with Shri B.N. Rau. He sat with me from day to day and scrutinized each of the amendments and my notes thereon. Ultimately those notes as finally revised by him together with the amendments were placed before the Drafting Committee. They were also considered subsequently by a Special Committee consisting of the members of the Drafting Committee and the members of the Provincial Constitution Committee, the Union Constitution Committee and the Union Powers Committee. Shri B.N. Rau used to be present at the meetings of the Special Committee to assist the Committee in coming to a decision.

The Drafting Committee thereafter revised a number of clauses of the draft Constitution. Before the detailed consideration of the Constitution was taken up by the Constituent Assembly, the revised clauses were circulated to the members of the Assembly. The amendments received from the members of the Constituent Assembly were also placed in the hands of the members of the Constituent Assembly after they had been tabulated and printed.

The draft Constitution was taken up for consideration by the Constituent Assembly on November 4, 1948, on a motion moved in that behalf by the Chairman of the Drafting Committee, Dr. B.R. Ambedkar. The clause by clause consideration started on November 15, 1948 and ended on the 7th October, 1949. The Drafting Committee used to sit from time to time during this period to consider the various amendments tabled and to submit its recommendations thereon to the Constituent Assembly. After the

clause by clause consideration was over, the Constitution was referred to the Drafting Committee to recommend such formal or consequential amendments and other necessary amendments as might be required. The report submitted by the Drafting Committee recommending such amendments was considered by the Constituent Assembly in its session of November 1949 and the motion that the Constitution as settled by the Assembly be passed was adopted by the Assembly on November 26, 1949. The Constitution as finally passed by the Constituent Assembly contained 395 Articles and 8 Schedules.

During the earlier stages Shri B.N. Rau used to attend invariably almost all the meetings of the Assembly and its Committees and helped them in the performance of their work. But this help was often not available during the later stages. When the work of the Constituent Assembly was coming to an end, it was considered necessary to utilize his exceptional talents in other spheres. In October 1948 and again in 1949 he was sent to represent India at the United Nations on certain important issues, such as, Hyderabad, Kashmir, etc. Ultimately, he became India's permanent delegate to the United Nations. So from October 1948 to November 1949 he was able to attend the sittings of the Constituent Assembly or the Drafting Committee only when he was free from his work at the U.N.

* * *

It is a great tragedy that the career of Shri B.N. Rau was cut short by his premature death. Towards the end of 1951 he was elected to the International Court of Justice at The Hague and early in 1952 he took his seat in that Court. This was no doubt a fitting recognition of

his exceptional talents and was also the highest consummation of a long judicial career. When he came to New Delhi during the Court's winter vacation at the end of 1952, he discussed with some of us a project he had in view for writing a book on the Indian Constitution. But the project did not materialise as he was taken away by the cruel hand of death in November 1953. He did not live long to see how the Constitution framed by the Constituent Assembly of which he was a friend, philosopher and guide was working. After the new Constitution came into force we were faced with many new problems of great complexity. This was no doubt anticipated at the time of the passing of the Constitution and an element of flexibility was introduced in the article providing for the amendment of the Constitution to enable the provisions of the Constitution to be adapted to changing conditions. The advice of Shri B.N. Rau would have been extremely valuable for the solution of such and many other difficult problems especially during the transitional

period. Thus, by his premature death, we have been deprived not only of a work of inestimable value to constitutional lawyers and to students of political history, namely, an authentic story of India's Constitution from his own pen, but also his guidance and wise counsel in the constitutional affairs of our country.

Shri Shiva Rao deserves our thanks for publishing this collection of Shri B.N. Rau's papers which constitute valuable source-material utilized in the framing of our Constitution. The publication of this book will, no doubt, serve as an incentive to discerning scholars of political history to make further researches for obtaining all the materials necessary for the writing out of a full and authentic history of the framing of our Constitution. Such a history will no doubt record as to what extent the above source-material influenced the framers of our Constitution in giving the Constitution its final form and shape.

S. N. MUKERJEE

UNION-STATE RELATIONS IN INDIA; By K. SANTHANAM, Bombay, Asia Publishing House, 1960, 71p. Rs. 7.50.

This book is a re-print of five lectures delivered by the author in 1959 on the subject of Union-State Relations in India under the auspices of the Indian Institute of Public Administration. Shri Santhanam was a member of the Constituent Assembly which framed the Constitution of the country. He was also the Lieutenant-Governor of Vindhya Pradesh and the Chairman of the Second Finance Commission. He has thus a direct and first-hand knowledge and experience of the forces that were at work in determining the shape of the Constitution and also of the way in which it has been functioning after its inauguration in 1950. This gives to his book an

authoritative character. His exposition of the subject is scholarly and lucid and his book is of value to specialists as well as to the lay public.

There has been controversy among scholars as to whether India is a Federation. Shri Santhanam is of the view that it is definitely a Federation as it satisfies all the tests which a federation is expected to satisfy.

At the same time he recognises that the Indian federation is of a special and unique type. Three of his five lectures deal with this uniqueness.

Broadly considered this uniqueness consists in the states occupying a status of inferiority and subordination to the centre in several matters

relating to legislation, administration, justice and finance. A federal system implies that the state governments are sovereign in a sphere of their own and that the Central Government cannot encroach on this sovereignty. In the Indian federal system it is only to a limited extent that this implication is found. Over a large field the Centre exercises substantial control over the States.

There is no space in a review to summarise all the Articles in the written Constitution which provide for such control, Articles which are referred to in detail by the author. Some illustrations may however be given. Article 3 empowers the Centre to modify the boundaries of States and even to abolish them without their consent. Article 249 empowers the Council of States to transfer any item in the State legislative list for one year at a time either to the Concurrent or to the Union list. By Article 250, when the President has proclaimed a state of emergency, Parliament becomes empowered to legislate on any subject even though it is in the State list. Laws made by States on matters in their own field become invalid if they are in conflict with laws made by the Parliament. So far as the Executive sphere is concerned it is obligatory for States to employ officers belonging to the All-India Services over which they have no control. The Centre can also give whatever directions it likes in regard to the way in which the States should exercise their executive powers. The States do not have courts of their own to interpret the State laws; judges not only of the Supreme Court but also of the State High Courts are appointed by the President. He also appoints the Comptroller and Auditor-General who audits the accounts of the States and the Election Commission which conducts the State elections. It is in matters of finance

that the States are extremely dependent on the Centre, on the taxes levied by the Centre and the grants made by it. All this leads to the conclusion that the relations between the Centre and the States are those of a superior and a subordinate and not the relations that should prevail between equals.

The more valuable part of Shri Santhanam's book consists of the last two lectures which review the way in which the federal system has been functioning in practice since 1950. Planning of comprehensive character has been undertaken by the Centre during all these years and it has come to stay. Planning has resulted in the Centre depriving the States of whatever autonomy the Constitution provided for them. Irrespective of local conditions a uniform policy in respect of agrarian reforms, education, and other matters within the sole jurisdiction of the States has been enforced and as the States are completely dependent on the Centre for financing their plans they have been reduced to the position of Municipal bodies in a State. "Planning has superseded the Federation and our country is functioning almost like a unitary system in many respects". This tendency has been further strengthened owing to the absence in the country of opposition parties strong enough to fight with the Congress and owing to all power in the Congress being concentrated at the top. The State Ministers have become completely subservient to the High Command and whatever they do is done at the direction of the High Command.

This extreme centralisation is likely to be modified if as a result of linguistic States sub-national feeling is strengthened—as it will most probably be strengthened—and if parties other than the Congress are returned to power in States.

There is today a clear divergence between the theory of the Constitution which provides for the autonomy of the States and the working of the Constitution which has resulted in the disappearance of this autonomy. The problem for the consideration of the publicists is whether this divergence should be tolerated or arrested. The answer to this depends on whether one regards Federation as the only appropriate form of Government for a country like India which is of vast geographical size with numerous regional differences. There are those who are anxious to scrap the States completely and amend the Constitution so that it may become fully unitary. They are likely to welcome the centralising tendency introduced by Planning and by the monolithic and dictatorial

character of the Congress organisation (as also of other party organisations). But those who believe in federalism and democratic decentralisation are sure to regard the new tendency as unhealthy and dangerous. Shri Santhanam's book deserves welcome for supplying the material on the basis on which right conclusions may be drawn about the lines on which the Governmental system of the country should work in future.

On page 3 of the book it is stated that the Governor under the Government of India Act 1935 was responsible to the Crown Representative. This seems to be a mistake as the Crown Representative had relations only with the rulers of princely states and not with Governors of Provinces.

M. VENKATARAMAIAH

STAFF IN ORGANIZATION; By ERNEST DALE and LYNDALL F. URWICK, New York, McGraw Hill Book Company, Inc., 1960, vi, 241p., \$6.00.

The subject of this book is the use of "staff" in organisations as a device to lighten the increasing burdens of work carried by top executives. Organisations have grown enormously in size, complexity and area of operation. The results of operations are being judged over a much longer time-scale with the result that the "short-range trader of classical economics has been converted into the long-range planner of today". This has generated heavy work and responsibility pressures on top executives.

The authors have enlivened the book with results obtained by various research projects undertaken by them specifically for the purpose of this publication. One such research relates to the effect of these exacting work demands on the health of executives, which shows that most top executives in America were afflicted with illness that are the direct result

of overwork. Apart from this, such pressures on top executives produce in the long run, exactly those situations, the attempted alleviation of which is usually the cause of these pressures. Ultimately executive effectiveness suffers due to lack of adequate attention, superficiality, haste, impatience, and consequently low organisational morale.

The most obvious remedy to this situation, as the authors point out, would be greater delegation of responsibility and authority by overburdened executives to subordinates. This is not feasible since many of the duties in areas where the pressures are most exacting are essentially personal in character which cannot be easily delegated. This view again is backed by an *ad hoc* study made by the authors of the time distribution of several such executives which showed that the following functions took up most of their time in the

order in which they are listed: representation, co-ordination, control, direction, planning, forecasting, initiation and communication. Attempts to delegate external representational duties will almost certainly fail. Delegation of the duties of internal representation will soon generate symptoms of lack of leadership in the organisation. Delegation of duties of co-ordination would be unwelcome to the subordinates since they cannot carry the stamp of the chief's authority. The problem, as the authors point out, is not one of delegating whole functions, but carefully analysing such functions to see what part thereof could conceivably be carried out by some one else. Delegation, therefore, cannot relieve such situations since for delegation to work successfully, it must be complete in respect of functions delegated.

It is to provide this type of assistance to top executives that the role of the "assistant-to" has been evolved. While the word 'staff' in the title is used only in the sense in which it is complement of 'line' the 'staff man' contemplated for this role is not really the specialised staff for specific specialised functions but more in the nature of "general staff" in military parlance. If a brief description was to be attempted the role of the "assistant-to" could be described to be that of putting information in perspective for the persons who make decisions.

While no attempt has been made by the authors or was perhaps ever intended to be made by them to cover the entire field of line and staff relationship, the evolution of the concept of staff functions in the armed forces organisation has been devoted almost one-fourth of the book. This is because the role of the "assistant-to" in business organisations has essentially got evolved from the "general staff" concept in vogue in

the military for a long time. The authors have taken pains to explain precisely the difference in the roles of the various types of staff used in military organisations because they wish to highlight the misunderstandings that have taken place in attempts to translate this concept in business organisations. The thoroughness with which this has been dealt with is evidently due to the considerable personal experience which one of the eminent authors, Mr. Urwick, has had as a General Staff Officer in the British Army during war time. Viewed in this light, it is this Chapter in the book which assumes greater significance.

A point that needs mention is the concept of "completed staff work" to which a reference has been made by the authors when describing the organisation of staff in the White House. This reached the peak of development under Sherman Adams who did a lot of "completed staff work" and produced documents which the President had only to read and sign to make his own. There is a lot in the concept of the "completed staff work", though Mr. Benedict, Special Assistant to the U.S. Army Chief of Ordnance has expressed the view that no matter how full a picture the "assistant-to" is able to present on any problem, he can never bring the personal dimension of the boss to bear on it. It can only be his own scale of reference to the decision-making process. Therefore, no matter how much he tries, he can only sense but never fully experience the load of the boss's accountability, because he cannot fully assume it. On balance, it seems, that Mr. Benedict's views would be pertinent to situations where specialised staff assistance is being rendered.

One of the seeming paradoxes posed by the concept of the "assistant-to" is, that while the "assistant-to" does not assume authority,

he carries a formidable responsibility which stems from the fact that good staff work is fundamental to good management. There is an interesting chapter devoted to the analysis of data gathered by the American Management Association during five seminars organised by it under the chairmanship of the authors in which the participants were the "assistants-to" of many small and large companies. An attempt has been made to draw a profile of an average "assistant-to" in the form of general background, the salaries drawn and the time distributed over various types of functions. In the last two chapters the authors have analysed the conduct of successful and unsuccessful "assistants-to"

which would be useful to those attempting to install the system in their organisations.

The problem of increasing work pressures at the decision-making levels is being increasingly felt by us in India both in industrial enterprises (private and public) and in government departments. The problem will become still more acute with increasing economic development envisaged in our plans. It would pay heavy dividends if a study of the role of the "assistant-to" is made not only as theoretical exercise in management research but as a genuine appraisal of the possibility which this device offers in making managements more effective.

K. N. BUTANI

METROPOLIS 1985—An Interpretation of the Findings of the New York Metropolitan Region Study; By RAYMOND VERNON, Cambridge, Mass., Harvard University Press, 1960, xiii, 252p., \$5.00.

This volume is the end-product in a series of studies bearing on the forces that are shaping the New York Metropolitan Region. It is a 22-county expanse, covering parts of three States and representing the largest and most complex area into the United States. The investigation has been a huge co-operative endeavour in civic analysis, sponsored by the Regional Plan Association and carried out by the Graduate School of Public Administration of Harvard University. It has also drawn on the Faculties of several universities in the Region and several governmental organizations operating in the area.

The main task has been to analyze the key socio-economic features of the region and project them to 1965, 1975 and 1985. The studies have been so designed that while their immediate universe is a particular region they should be of service to metropolitan dwellers all over the United States and beyond

faced with similar problems. The metropolitan areas of the country attract the bulk of America's population. The tendency even outside U.S.A. is for an over-increasing proportion of the people of the country to gravitate to large urban centres and cities.

The author working on the material supplied in the previous volumes in the series has set out to sketch the probable course of the development of the New York Metropolitan Region, assuming that the economic and demographic forces at work during the period of the enquiry will follow their expected course. The study will enable the various agencies of the Region to plan their future programmes within a framework that is broadly defined and more or less accurately foreseen. The task to portray the people, their jobs and their occupations, their industrial growth and their living conditions for the years 1965, 1975 and 1985 is faithfully carried out and

we have before us an analysis and a forecast, an inquiry and a projection or an excursion into the future, not the too distant future, that is fascinating to contemplate.

A rational projection of an area like the New York Metropolitan Region has to take account of diverse forces, each of which may have its own peculiarity or its own conditions of growth and expansion. Some assumptions may turn out to be too simple such as the nature of services or the substitution of synthetics for the products of farms and forests. Or since the Region forms part of the nation certain assumptions may prove to be wrong as one cannot accurately predict wars, depressions, floods, rapid changes in technology or massive shifts in public policy such as the New Deal. There are always new events on the horizons and new movements in society which necessitate the alteration of past relations once they occur. In other words, no projection of the economic and demographic characteristics of a metropolitan area can be free of the risk of error and the error magnifies when a whole region continually subject to change is taken. A large element of guess, not all of which is an intelligent guess, enters into the equation but a careful guess is better than simply groping in the dark and so long as the quantitative estimates

are approached with a certain amount of skepticism one can keep well within the range of the practical. What population is the New York Region likely to have? What economic opportunities is the New York Region likely to provide? These questions sound simple enough but for an answer one has to project the regional as well as the national development. All sorts of results can be produced as one varies his assumptions about birth rates, death rates, aging rates and migration rates, to take only demographic considerations for the present.

The mass of data and analyses in the study reveal a methodology that leaves little to be desired. The most up-to-date technique in dealing with socio-economic forces has been employed and made to yield results which will serve as a guide and warning to future planners of the metropolitan region. Here is the portrait of a Region that is growing fast on the whole, that is developing in some parts and declining in others, that reflects the nation's progress and at the same time by dint of its position of primacy greatly determines and directs that progress. The picture is broadly well drawn but one cannot vouch for the absolute reliability of the forecasts and projects in each and every particular.

V. L. D'SOUZA

POLICE SYSTEMS IN THE UNITED STATES; By BRUCE SMITH, Revised by BRUCE SMITH Jr., New York, Harper and Bros., 1960, xiv, 338p., \$6.00.

The late Bruce Smith Sr., though never a policeman himself, made a lifelong career of Police Administration in the United States as a consultant and adviser to the numerous Police forces in that country. At the time of his death in 1955, he was the Director of the Institute of Public Administration, New York. His "Police Systems in the United States"

was first published in 1940 and immediately became a classic, being reprinted several times. The book under review is its second edition, revised by the author's son, who is also a practising consultant in Police Administration.

The complexities of the Police Administration in the United States

are critically examined in the eleven chapters into which the book is divided. The American Police Systems "grew up with the country" and since that growth was one of extraordinary rapidity, Police Service in the States never really enjoyed an opportunity for orderly and consistent development.

The most striking characteristics of American Police pattern are its extreme fragmentation and deep involvement in partisan politics, both in the name of popular control. Even when new Police forces were set up by counties, states or federal government, often in response to a demand for a kind and a degree of protection which existing agencies proved incapable of providing, the ineffective units were carefully preserved and even enlarged. Thus, there are at least five strata of Police Service in the U.S.A. : (i) Police agencies of the federal government, particularly those attached to the Treasury, Justice and Post Office Departments, (ii) Police forces of fifty States, (iii) over three thousand counties with Sheriffs and deputy Sheriffs and in some cases county forces which overlap and duplicate the Sheriff system, (iv) Police forces of a thousand cities and over twenty thousand towns, and (v) Police forces of fifteen thousand villages, boroughs and incorporated towns. There are, in addition, an unknown number of ill-defined jurisdictions and many more which cannot be classified.

There are, thus, over forty thousand separate forces and most of them consist of one, two or three men. There is much duplication, overlapping and rivalry among forces existing side by side at one level of government. Many of the policemen receive no salaries but live on fees. Many seldom attend to any Police function at all. Most are

selected "without regard to physical or mental qualifications, are wholly untrained, are largely unsupervised and indisciplined."

At the other extreme, there are the excellent Police forces of the great cities, a number of counties and states and the federal government, which "may be favourably compared with the best in the world today." These, according to the author, reflect the new influences now at work.

The colossal magnitude of the crime problem of America is bared in an arresting manner in chapter 2 of the book. The rates of both total and violent crime are higher than those of any other country. Larcenies, burglaries and auto thefts total two and a half million annually; murder, rape and robberies number 190,000. Staggering as these figures are, they do not include other major crimes such as embezzlement, fraud, counterfeiting, violations of narcotic, liquor, motor and vehicle and highways laws, minor assaults and disorderly conduct, whose extent is not centrally compiled and which cast a heavy burden on the police. An excellent analysis of the incidence of the major types of crime by region, by time, by day of the week, by hours of the day, by age, sex, nationality, by types and value of property is a special feature of this chapter. The total cost of criminal operations is estimated at \$15 billion annually. While stolen cars are recovered in nine-tenths of auto theft cases, the recovery of property involved in other types of crime is only 25%.

With three times as many motor vehicles as the combined total of all other nations, America's over thirty million vehicles speeding at over 80 miles an hour take a staggering toll of over 40,000 human lives a year in

traffic accidents. As is only to be expected, therefore, in no other field of American Police Administration is to be seen such energy and reform as in the field of engineering and enforcement measures towards highway safety, with the result that the ratio of fatalities to vehicle-miles is the lowest in the world. A survey of these measures is the subject of chapter 3 of the book.

The birth and growth of the rural, suburban, state and federal Police are set out in chapters 4, 5 and 6, with a critical appreciation of the problems of jurisdiction, personnel, their remuneration and equipment. The theme predominant in these chapters is that the best transport, the best equipment, the best gadgets, the best rates of pay and conditions of service will not in themselves produce a good Police force unless men are selected with great care, are trained well, are promoted on merit and are enabled to do their duty without fear, favour or political interference.

The subject of "popular control" of Police is dealt with in chapter 7. The author concludes that the greatest immediate need of American Police Service is a reconciliation of security of tenure and popular control, the ultimate success of any scheme to achieve a balance between the two, as learned from the lessons of foreign experience in the field, being dependent upon traditions to be evolved through the years.

Under the caption "Organisation" the whole of chapter 8 is devoted to a very useful exposition of the modern concepts of organisation in relation to Police Administration. Chapter 9 spotlights the present state of neglect of supervision of rural policing. The rise of Central Services in identification, forensic

laboratories, uniform crime reporting, communication systems and a review of the existing facilities for training of career Policemen are detailed in chapter 10.

In the last chapter the author enters an urgent plea "to bind together into an appearance of unity the tens of thousands of unrelated Police agencies which are found in cities, counties, towns and villages and in every hedgerow" and warns that unless this is done it is doubtful if the Police forces, in their present form, would be able to carry the burdens certain to be imposed on them by a great national emergency. Unless Police administrators assume the responsibility for ensuring "lawful law enforcement" by adequate use of disciplinary powers, a cycle of futility is bound to arise where the people, "who pay high—more in cash per capita than does any other part of the world", would pile higher obstacles to vigorous Police administration, on the theory that since they cannot have law abiding Police, they can at least weaken their capacity for abusing the authority entrusted to them. He concludes in a hopeful note that with the visible self-critical concern on the part of Police administrators in America, it is yet possible to "effect a close approach to a police regime, which is vigorous without being oppressive and scrupulous in its observance of civil liberties without losing its effectiveness in law enforcement."

Constructive, concise, candid and authoritative right through, the book bears the imprint of the author's long association with the reform of the American Police Systems. It will be widely read by Police administrators and by all those interested in social and public administration.

K. G. RAMANNA

TRADITION, VALUES AND SOCIO-ECONOMIC DEVELOPMENT; Ed. by RALPH BRAIBANTI and JOSEPH J. SPENGLER, Durham, N.C., Duke University Press, 1961, viii, 305p., \$6.00.

The bases of economic development in the social, political and cultural systems, in the traditions and values of particular countries and at specified periods, have been studied a great deal by social scientists in recent years. The caste system in India, the common land system in Africa, the horizontal supply curve of labour in Japan, nationalism in general are only a few examples of the ways in which economic development has, as a rule, been hindered by aspects of traditional social organisation and ideologies. Indeed, in some cases, they may promote modernisation. The important point is that, either way, this modernisation does not and cannot take place in a vacuum. In particular, non-economic ideologies, the content of the minds of men in this respect, is apt to be insufficiently realised. Voltaire's well-known description, (referred to also in the book under notice), of the events following the great earthquake in Lisbon in the year 1775—the government, with the aid of a number of scientists engaging itself in salvaging, rebuilding and finding out the natural causes of the catastrophe, at the same time as the clergy hindered these efforts by interpreting it as divine punishment on a sinful city—is a striking example of this factor.

Although this subject has been studied a good deal elsewhere also, it is perhaps in the U.S.A. that it has made most progress. And the volume, which has recently appeared, entitled "Tradition, Values and Socio-economic Development", edited by Professors Braibanti and Spengler, brings together much of the work that has been done in the field both in Europe and in America. The major part of the volume consists of papers presented and discussed

in a Duke University Joint Seminar on the Commonwealth in 1959. In the first paper Professor Spengler of Duke University distinguishes between theory, ideology and non-economic values and emphasises that modernisation depends on mental dispositions, particularly of the elites. Professor Moore of Princeton follows with a presentation of some generalisations concerning relationship among standard variables, identifying four levels of analysis of social systems,—ideological, institutional, organisational and motivational. Professor Hoselitz, of Chicago, (recently a member of the Delhi town planning group), in his paper, similarly distinguishes between four forms of tradition-orientated behaviour,—habits, usages, norms and ideologies. He takes much account of western societies also, for example industrialisation in France, unlike Professor Herskovits of Northwestern University whose paper is mainly concerned with Africa, to illustrate the weight of cultural influences in hampering, or may be enhancing, efforts at modernistic innovation. The political dimensions of foreign aid are examined by Professor Montgomery of Boston University, with particular reference to Taiwan, Vietnam, Burma and Thailand. The volume contains also two chapters on Pakistan and one on French Canada, as well as a contribution by Professor Braibanti of Duke University, currently with the Pakistan National Academy at Lahore, on the relevance of political science to the study of under-developed areas.

A discussion, altogether too brief, of two types of bureaucracy in the chapter contributed by Professor Braibanti is particularly interesting. The issue is stated by him in these

terms : "The variants which emerge in the changed cultural configuration must be assessed in terms of their adequacy to satisfy the expectation of modern constitutional government, *e.g.*, to maintain the viability of the state, to provide economic well-being, to provide a framework of order, and to accommodate to the general will." Two institutions are revalued in this context, the civil bureaucracy and the military bureaucracy. Professor Braibanti's conclusion regarding the former is that, in the absence of a strong political tradition, the civil bureaucracy sustained by traditional factors is likely to remain the most important element in government, and that

the problem in the course of time will be its peaceful containment; this conclusion, for India at any rate, is perhaps a too simplified one. As regards the military bureaucracy, he points out that, in cases like that of Indonesia where a civil bureaucratic tradition is weaker than in India or Pakistan, the military power may be the principal instrument of devoted nationalism and modernism. And it is possible that it may take early to the manipulation of social and political forces as distinct from domination over them.

This is an altogether valuable book, wide-ranging, informative and stimulating.

V. K. N. MENON



BOOK NOTES

PLANNING IN INDIA; By V.T. KRISHNAMACHARI, Calcutta, Orient Longmans, 1961, xvi, 291p., Rs. 10.

The first paper in the book—'A Review of India's Plans'—attempts to explain the broader objectives of planning in India and the extent to which, in the last ten years, the social and economic aims in view have been achieved. The rest of the book consists of selected speeches and articles by Shri V.T. Krishnamachari dealing with important aspects of the Plans and the progress achieved from time to time and with programmes of development and connected topics. Section 6 on "Organisation and Administration" deserves special notice; it contains texts of lectures and speeches on 'Administration in a Welfare State', 'Administrator's New Role', 'District Organisation and Rural Development', 'Morale in Public Services', 'Planning and Efficiency in Administration', and 'Administrative Implications of the Third Plan'.

THEN AND NOW; By HASHIM AMIR ALI, Calcutta, Statistical Publishing Society, and Bombay, Asia Publishing House, 1960, ii, 123p., Rs. 10.50.

This is the socio-economic study of a group of Bengal villages, based on the same set of villages surveyed first in 1933 and then after an interval of twenty-five years in 1958 by the same persons. These twenty-five years represent a period of change—both in the political and

economic plane—in the history of India. The study consists of three parts. The first part contains a comparative analysis of the economic data collected for a single village, Gopalpura, in 1933 and again in 1958. The analysis leads the author to conclude that little or no change has come about in the village during the last twenty-five years. The layers of caste are still distinct and the disparities in land ownership and incomes have not changed significantly.

The comparative analysis of house-hold data of a cluster of four villages, viz., Istampur, Bhadurpur, Bemuria and Lohagarh, close to Santiniketan, given in second part of the book, shows that the proportion of house-holds in indigence has been brought down from 80 per cent to 72 per cent during the twenty-five years. In case of low caste, 98 per cent of population were in indigence in 1933, 92 per cent are still in indigence. According to the author this "pathetic rate of economic progress which we found in the foregoing analysis of data pertaining to these four villages would have a sobering effect on our post-Independence enthusiasm." The only redeeming feature is the vastly increased number of children of school age attending schools which creates hopes that the changed mental attitude will bring about a rapid change in the material culture.

The third part of the book is devoted to pen-pictures of rural life as it was in 1933.

THE STRUCTURE OF LOCAL GOVERNMENTS THROUGHOUT THE WORLD; By SAMUEL HUMES AND EILEEN M. MARTIN, The Hague, Martinus Nijhoff, 1961, xxxvi, 449p.

METROPOLIS; By D. HALASZ, The Hague, Martinus Nijhoff, 1961, x, 45p.

LOCAL GOVERNMENT IN THE UNITED STATES OF AMERICA, The Hague, Martinus Nijhoff, 1961, 133p.

These three publications from the International Union of Local Authorities are valuable addition to the descriptive material on local governments in various countries of the world. "The Structure of Local Governments throughout the World", as the name indicates, makes a comparative study and systematic classification of local government in 42 countries including India. The first part of the book deals with certain aspects of the structure of local government. These include the units of local government, relations with the Central Government, process of elections, council and its committee, the chief executive and the staff. The second part contains some of the basic facts relating to the formal structure of local government in 42 countries, grouped into geographical areas according to certain common cultural influences, for purposes of comparative study.

"Metropolis" gives a selected bibliography on administrative and allied problems of metropolitan areas of 26 countries including India. The bibliography covers different aspects of metropolitan life and government and is classified under twelve headings, viz., Administration and Organization, Finance, Culture and Education, Social Care, Health, Housing, Planning and Urbanism, Transport and Traffic, Police, Social

Aspects, Economy and Population.

The third book contains six papers by different writers, which were presented to the World Conference on Local Authorities held in Washington, D. C., in June 1961. These deal with recent trends and developments in Local Government in United States; the subjects covered include organisation and structure, metropolitan areas, town affiliations, municipal personnel administration, public relations and mechanisation and automation in U. S. Local Government.

LEADERSHIP AND ORGANIZATION : A Behavioural Science Approach; By ROBERT TANNENBAUM, IRVING R. WESCHLER, and FRED MASSARIK, New York, McGraw-Hill Book Company, 1961, xiv, 456p., \$7.50.

This book represents a selected collection of the writings, from 1950 to 1960, of members of the Human Relations Research Group (HRRG), Institute of Industrial Relations and Graduate School of Business Administration, University of California, Los Angeles. The first part presents some general reflections on the human relations area and a number of theoretical and practical statements concerning concepts and processes basic to leadership. Part Two deals with the HRRG approach to the development of leadership effectiveness—sensitivity training. The third part is devoted to some theoretical notions pertaining to formal organization, the operation of a particular organization—a government research laboratory—, matters of organizational objectives and performance evaluation, and the results of some empirical explorations in the organization area. Part Four of the book presents commentaries by three leading experts, on HRRG theory, concepts and methods.

PUBLIC ADMINISTRATION OF WATER RESOURCES IN TEXAS; By JOHN T. THOMPSON, Austin, Institute of Public Affairs, The University of Texas, 1960, 172p., \$2.50.

Based on a doctoral dissertation by Dr. Thompson, the book examines the political, legislative, legal and administrative problems of the development and the use of the water resources of Texas. It discusses the existing diffusion of functional authority among a number of special water districts and authorities in Texas, the impact of attitudes of extreme localism in the adoption of a state-wide water programme, and unresolved legal, financial, and administrative difficulties which characterize the state's approach to its task of

maximizing the utilization of the scarce water resources and of accommodating the various competing groups. The three major unresolved policy questions regarding water are : How best to administer a state programme? How to clarify water rights so as to obtain maximum use of these indispensable resources? How adequately to finance the needed resource programmes? The author recommends the creation of a department of water supply and reclamation by consolidating the water responsibilities and functions. Of the existing several separate governmental agencies, dealing with the water problem, a better organisational structure to co-ordinate the state and local water programmes, and the placing of the legal control on the use of water upon a sound scientific basis.



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ANNUAL ADDRESS BY THE PRIME MINISTER*

MY part in the work of this Institute is, as you know, to come here annually and attend this function. I am glad to do so because it gives me some little insight into the activities of this Institute and also to some extent the way present-day problems of administration, which are growing in number and complexity, are being tackled here.

I should like to say, however, that what little I know of the activities of this Institute, by coming here annually and by looking at your publications and journals from time to time, I have been impressed by them, and I do think that this Institute is doing good work. It may be that there is a legitimate criticism that its activities are, well, limited to some top-ranking people, more or less. That is almost inevitable to begin with. It must, in the nature of things, concentrate on improving quality all over, of course, but first of all quality has to be improved in those people who can improve quality in others, and so that is inevitable.

And yet, I am wondering how it will be feasible for this Institute and the Executive Council to consider certain extensions of its activity in the lowest grades of the administration. When I say lowest grades, I have in mind, at the present moment, the panchayats, the panchayat samitis, which are growing tremendously in importance, and which, I have no doubt, will play a vital part in the administrative apparatus of our country by virtue of their numbers alone, if nothing else. I do not quite know how this Institute can tackle that problem. Perhaps, it might specially study the problem as to how to tackle it. That is the first step. Perhaps, it could open a small section specially for that purpose and give short courses, say of a month or two weeks even, for people specially connected with panchayat samitis, to come and take that course. I would personally like, if it is at all possible, for the very

* At the Seventh Annual General Body Meeting of the Institute held on August 26, 1961.

Panches themselves, some of them, can't be many, of course, to come here from time to time : not very many. Of course, there are hundreds and thousands—there may be millions in India : I do not know their number, a vast number. But nevertheless, they could choose a number every year for short courses. Of course, courses would have to be made for them. No good going to them with your rather high-class stuff. But sometimes the courses for them could be a good thing, I imagine. Anyhow, I suggest to the Executive Council to consider this matter as to how to approach this subject. You could get in touch, perhaps, with the State Governments on it, with the Ministry here of Community Development and Co-operation. But that, I think, is important because I am very much interested in this development of panchayats and panchayat samitis, and you have, at any rate, one member in your Executive Council, that is, the Chairman, who is an expert on it and has deep knowledge, and you could profit by that.

Apart from that, you have to deal with a situation which is growing, developing and changing. Even in the purely administrative field of Government, it is enlarging and growing, but more so in the field of public or private enterprise, but chiefly public. And there can be no doubt that a tremendous deal depends on the success of the administration of that enterprise. We argue about public and private enterprise. The real fact of the matter is that its success comes from the efficient administrator whether in the public or private enterprise. Like dubbing public or private does not make much difference except in the consequences and the outlook. But the actual thing depends on the administration of that enterprise. We have public enterprises in India which have been outstanding successes, and I have no doubt that they have been so not accidentally but because of the virtues and the ability of the men of the administrative staff there. We have others which have not shown such bright results. Again, I think, you should seek the remedy in the administrative staff, apart from other reasons which may be so. So, it is most important that our administrative apparatus should improve, and not improve in the normal old sense of a Government administrator who had to deal with certain limited set of problems, but in the modern sense of dealing with modern industry, with modern technology and the like, which again probably means that the old type administrator should be, not always but often, replaced by the expert administrator, the technologist, who knows that particular job somewhat or very well. All these new problems are arising from our growth—industrial growth and general growth in various sectors of our economy, because the growth is there. Many people may criticise it and many of their criticisms may be justified, or are justified, I think. But the fact remains that India is going

through a period of fairly rapid growth, and rapid growth requires frequent adjustment of your administrative apparatus to fit in with that growth. It is just like a suit of clothes you wear. If you grow, you want slightly larger clothes, a slightly different type of clothes, or else either your growth will be impeded or the clothes will burst with your growth. One of the two things must happen. One has to have that type of mind which can adjust itself, which can realise the needs of the day and adjust itself. And not only the needs of the day, but the needs of tomorrow and the day after, some glimpse and outlook into the future. Because the future is obviously one of tremendous potentiality in India and the world. Vast new forces have been released and we have not only to catch up but to do something more to make our own contribution to this new world in the way of ideas and practice, etc.

* * *

Then, we have just had the Third Five Year Plan placed before Parliament and the public. Broadly speaking, I think it is true to say that it has been welcomed and appreciated by the public at large. Very few people in India disapprove of the whole subject of planning. They are very very few. But the main criticisms are in regard to some details here and there. But the real thing is not so much the criticism of the planning part. I think the time is passed. We in the Planning Commission and others concerned have grown more experienced and more expert in planning. But the real question is not planning, but implementing the Plan. That is the real question before the country. I fear we are not quite so expert at implementation as at planning, although there, too, we are making improvements no doubt. Now in this business of implementation, a very important factor is the administrative aspect in which you can help, and I have no doubt you are helping, though indirectly. Of course, the other aspect in implementation, in the vast plans that we have and which concern millions of people, is not a set of officials who implement them. You have to bring in a certain understanding of the public, a certain co-operation of the public in it is quite essential. I think every administrator should realise, as he must, this public aspect of any major undertaking. He must, whatever he may be working and whatever the project may be, whether he is the old type administrator or the new type of technical man, he has to create an atmosphere of understanding and appreciation in the public and win their co-operation. It is not difficult if you try to do it, if your mind is bent that way. I think the administrator must realise that he has to explain things, explain things to everybody, to the person, to the untrained labourer even who is

working at the job, and certainly to the trained staff, too, and everybody. It is not fully realised. People work, high class engineers, high class administrators in superior grades, and not realising that the smallest man, even the peon in his office should understand that work and should be made to feel that he is also doing his bit in that large undertaking. If you do that an atmosphere is created. I have no doubt that if this is done it helps and it helps in a curious way. Practically it helps in a certain psychological way. The man on the top is surrounded by a psychological atmosphere which is helpful when people in all grades understand what he is doing. Therefore, I would attach importance to this approach all the time. I would repeat that this approach, of course, comes in the moment you deal with large masses of people and not live just in an office apart, such as, of course, if you are dealing with any major project, whether it is a steel plant or some river valley scheme, you are dealing with large masses of people, trained, untrained and all that. There must be this public approach of every senior officer to his juniors and right down to the trained and untrained workers, working in that project.

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Now this leads me to another thought. We have people who are doing practical administrative work in the Government of India and the State Governments, wherever it may be. And there are our universities and elsewhere, and this Institute, which discusses, considers, speaks about and writes about the theory of good administration. To some extent, not entirely, of course, they live in different spheres : the university professor, certainly, from the practical man. Take even a more obvious example. We have got very fine national laboratories. There is the National Physical Laboratory here in Delhi, and there is the University of Delhi, which teaches people Sciences, Physics, etc. Now, to my amazement, the two are quite independent. They have no contacts. I do not understand this. I think that there should be frequent interchange. The head of the National Physical Laboratory should be, let us say, an honorary professor. He cannot give much time. I do not want him to give much time. But I would like him to come twice a month, at least, just to speak to the students there. He is a man of note, a man of great eminence, a man who is the head of the N.P.L., and his going to the students gives them a breath of fresh air, new ideas, and they profit by it and the university profits. In the same way, I should say that all these big laboratories and other places should be associated with the local universities. That is an obvious example. It may be somewhat more difficult to do it in other cases. In the same way, administrators who do practical work

should have a glimpse of theory which they can through your Institute or otherwise. As far as possible one should bring the practical aspect, practice together with theory, and that will lead to the advantage of both.

You see, it is really the same thought running in my mind, whether it is the panch in his panchayat or the local panchayat in the village, or the top-ranking people in the laboratories and universities and administrations. It is always bringing practice and theory nearer to each other, and the more this is done, the better fitted the man is, because in all administration you have to deal with human beings. That is, an engineer may have to deal with iron and steel and cement and bricks and all that. But he has also to deal with human beings. So, administrators have to do much more even with human beings. To understand human beings, to come in contact with practical work is important and to make them understand what you are doing is even more important. I should like this thing to run throughout your activities. This reduces the walls and the barriers which separate the various grades and classes of work and produces an integrated organism, a project of people working for a certain object.

Finally, our whole approach should be what I would call, task-oriented: that is, you have got a job to do, a task to accomplish. If it is task-oriented, I think work will be swifter and more integrated for the purpose of fulfilling that task.

You have been kind enough to elect me again as your President. You do so—you may get some advantage out of it—but you do so, well, at your peril and risk, because you know how little time I give to this Institute, except this annual function which I have thus far attended more or less regularly.

I am grateful to you for it.



PUBLIC ADMINISTRATION AND THE PUBLIC CORPORATION*

John K. Galbraith

I AM happy this afternoon to salute one of the world's youngest professions. And compassion causes me to offer sympathy to what is probably the world's most criticized calling. For almost no one speaks well of the public administrator. The rare public official may, on occasion, be credited with doing a good job. This he usually concludes is because the speaker will one day want a favour. Criticism he knows to be in the nature of government. In no other field of human achievement, not even in modern painting or drama, is such a premium placed on misanthropy. The man who says of some public office that all is going well is immediately suspected of conspiring to conceal some unrighteousness. The man who avers waste, incompetence, nepotism, corruption or some more imaginative form of public legerdemain is assured of a respectful hearing. It is perhaps better if he produces some evidence but this is by no means necessary.

I speak on these matters, and the unhappy state of your profession, with some feeling for I belong to it myself. That is not only because I am the administrator of a sizable bureaucracy here on the Gangetic Plain. Along with one in economics, I also have title to a chair in public administration. And we American members of the profession have particular grounds for unease. We are regularly called on for advice both at home and abroad. Often, as on occasions like this, we are listened to with outward respect. Yet we are always unhappily aware that we do not come with clean hands. The United States has not worked out its own problems in public management. More than most governments we have a penchant for overstaffing. It is a well-known fact that we proceed enthusiastically with automation and employ all persons so displaced in our Departments of Agriculture and Defence with some considerable outlet also in the State Department. This overstaffing in turn leads to the inflexibility, and on occasion the immobility, that is associated with great numbers. When Charles Kettering, long vice-president for research of General Motors Corporation, itself a sizable organization, was told that Lindbergh had flown the Atlantic all by himself, he received the news with a singular absence of surprise. "It

*Text of a public lecture delivered under the auspices of the Indian Institute of Public Administration, at New Delhi, on August 25, 1961.

would have been remarkable", said Kettering, "if he had made it with a committee."

Since he is a physician who has not healed himself, it is with diffidence that an American turns to the problems of public administration in other lands. Yet the Indian problem of public management, the one with which you struggle, is difficult to leave alone. In my view it is the most interesting in the world. More turns on its solution than in any other country. That is because, more than in any other country, you have extended the scope of public administration to embrace the production and distribution of economic goods while, at the same time, retaining the full substance of parliamentary democracy. In the United States, as in Western Europe and Japan, we remove most of the administration of productive activity—the making of steel, machinery, automobiles and aluminium—from the immediate orbit of public concern. Performance is left to the test of the market reinforced as necessary by public regulation and popular indignation. In the Soviet type economies public administration does, of course, embrace the production and distribution of goods. But here it does so without the intrusive processes of parliamentary democracy. You alone on a large scale are testing the resources of the public administrator as a producer of goods under parliamentary scrutiny, supervision and guidance.

This, I venture to suggest, is a difficult and taxing experiment. Every good friend of India must be deeply concerned that it succeeds. On your profession—perhaps you will allow me to say on our profession—rests the considerable responsibility for insuring success.

This success will depend, I venture, on the adaptability and pragmatism of the public administrator. Not much time can usefully be spent in search for the universal principles of administration. These, when they emerge, invariably turn out to be an articulation of the obvious. But we can usefully reflect on the new problems which the public administrator encounters when he enters upon economic activity—when he becomes an entrepreneur, a producer of goods and services. This is a world that is very different from the traditional sphere of government. When government extends its arms to embrace economic activity the problems of public administration take on new form and new dimension. In the remainder of my remarks this evening I would like to dwell on the problems of public administration in the field of economic production.

II

The world's religions are, on the whole, disappointingly unspecific on the nature of the economic system in the hereafter. I have long

wondered why some economist hasn't asked the Ford Foundation for a research grant to go into the matter. We know only that Heaven, as it is described to Christians, employs gold as a paving material rather than as a medium of exchange and that the principal consumer's products are string instruments. There is no indication of the nature of the production mechanism whether for making harps or other goods. But if there is production of goods in the next world on any important scale, we can be certain that it will be carried on by an industrial firm or corporation. In this world, whether in India, the United States, the United Kingdom, or the Soviet Union—where any productive task must be performed—the firm is ubiquitous and inescapable. It has no substitute.

And the reason is simple: Modern productive activity—the making of steel, aluminium, fertilizer, lorries or machine tools—requires a complex blending of skills and talents in a complex mosaic of tasks and functions. These skills and talents are not themselves rare, esoteric or exceptional. If genius were required for economic activity, our situation would be serious for genius is always scarce and the supply highly unpredictable. The peculiar achievement of the industrial firm is that it combines the commonly available talent to do what the isolated individual could not possibly accomplish. It is a synthetic personality, in which many real personalities are combined, and its accomplishment is more than the sum of isolated individual contributions could ever be.

The corporate personality is not required for simple small scale production such as most agriculture. It is not needed for most government functions—for the administration of justice, the collection of revenue or the conduct of public education. These lend themselves to accomplishment within broad and stable rules. There are some forms of large scale economic activity—the generation of electricity for example—which are rather easily reduced to a routine and where a similar organization will suffice. But the most characteristic feature of modern industry is the large scale of its units, the complexity of its technology and the complex claims which the modern market makes upon it. Here there cannot be predetermined rules for every contingency. There must, instead, be adaptation to ever-changing circumstances and the success of the adaptation will depend on the blending of a variety of technical knowledge and experience possessed by numerous individuals. This blending is accomplished by the corporation. For the conduct of complex tasks it is a competent and versatile if synthetic or artificial personality.

To see the corporation as a personality provides the prime clue to its administration. The individual or natural personality realizes

itself only under conditions of liberty. To subject the behaviour of one individual to the detailed surveillance of another is to insure debasement and inferior performance. Individual achievement is at its best when the individual has a clear set of goals and the means, including of course the knowledge, with which to pursue these goals under the stimulus of his own will. As with the individual personality so with the corporate personality. Autonomy, the independence to pursue specified goals, is equally important for the producing corporation. So are clearly specified goals. Indeed these are more than important; they are the only administrative arrangement that are consistent with the effective corporate being.

III

More specifically, the synthetic personality which we call the firm or corporation involves an intricate problem of co-operation and co-ordination between its parts. Much of this co-operation and co-ordination is accomplished automatically—it is the fruit of familiarity and confidence as between the participants. One technician supplements his knowledge by resort to another—he knows to whom to turn and just how much confidence he can repose in the knowledge and judgment of the man whom he asks. The skilled worker similarly seeks help when his task takes him beyond the range of his own proficiency. This also he does on his own volition. The manager must know when and how to help; but no single manager ever manages in the sense that he makes all of the decisions. In the successful corporation, decision-making is deeply inherent in the corporate being.

There are equally numerous and intricate problems of co-ordination along the time dimension in the industrial firm. Modern industrial processes are closely interdependent; delay in one place will ordinarily cause delay with cumulative effect elsewhere. There is, accordingly, a high premium on timely decision. Perhaps the most distinctive requirement of the industrial establishment, as compared with the traditional government agency, is its dependence on timely decision. In the industrial firm a bad decision made on time will not usually be as costly as a good decision made too late. The bad decision can often be reversed at low cost. The time lost waiting for the good decision can never be retrieved.

The need for autonomy and the peculiar vulnerability of the corporation to outside influence are directly related to these characteristics. If external intervention affects people it will impair or upset the complex and subtle set of relationships on which effective co-ordination depends. For example, the arbitrary withdrawal of a known and

proven man and the substitution of another of unknown talent or reliability leads to immediate uncertainty as to how responsibility for decisions is to be shared, or the reliability of the decision in which the newcomer participates. Uncertainty and indecision result. A common form of external intervention is review of certain types of decisions—on procurement, product design, production techniques, prices or the like. Inevitably this review takes time. Co-ordination on the time dimension suffers. In the process of preventing poor decisions, delayed and hence more costly decisions are insured.

I must emphasize that the corporate personality is damaged by both well-intentioned and ill-intentioned intervention. There is little to choose between the two.

In both modern American and modern Soviet organization there has been a large measure of accommodation to the requirements of the corporate personality for autonomy. The modern large American corporation enjoys almost complete independence from its stockholders, the principal source of external interference. While lip service is always paid to democratic control by the owners, it is recognized in fact that any extensive and effective interference by stockholders in management would be exceedingly damaging. Suit is now pending against the principal owner of one of our large airlines to keep him from interfering with the management of the company he owns. Thus, all effective authority as regards production decision resides within the corporation. This authority is also jealously defended against the state.

I do not speak with equal confidence of the Soviet-type economies. But certainly no theme has received more emphasis in recent times than the need for according to managers the independence and autonomy that enables them to do their job. Soviet factory managers, an impressively capable group of men the visitor discovers, consistently stress the importance of such autonomy for the effective discharge of their responsibilities.

It is in the case of the public firm in the parliamentary democracy that the accommodation is most difficult. For there the firm must contend with forces that make for the kind of intervention that is most destructive of the corporate personality. At the same time the goals that are essential for the full achievement of the firm are not always clearly defined.

IV

The public enterprise in the parliamentary democracy is publicly owned for a purpose. The obvious purpose is the exercise of a measure

of democratic control over the enterprise. This control insures that the firm's procedures and decisions will be in the public interest. It insures that its decisions are sound and sensible and serve the general good. If there is no effort to exercise this control, there is no purpose in public ownership.

So it will be said and so it is said. But plausible and innocent though this sounds, especially when we interject the magic word democratic into the discussion, we have here a serious and often unsuspected contradiction.

If individuals within the corporate organization are servants of a force outside the organization they will no longer think automatically of the goals of the organization. They have, at best, a dual obligation : one part runs to the firm and the other to the external authority. One eye is on the organization; the other is on the parliament. The multitude of decisions will not automatically be attuned to the needs of the corporation. In short, the dual obligation is inconsistent with the requirements of the corporate personality which calls for the implicit commitment of many people to the common goal.

The external authority has an even more damaging effect on the time-dimension of decision-making. I have stressed the importance of timeliness as compared with precision in industrial decisions. But the man who must answer to a parliamentary committee or brief a minister will always reserve to himself the right to review the decisions that he must later defend. Moreover, parliaments are ordinarily concerned not with late decision but with wrong decision. It is on these that a man can score his points. The result is centralized and hence delayed decision. And they mean the waste that goes with delay. These are damaging to the corporate personality which should distribute decision-making authority to the level where it can be exercised with the optimal combination of accuracy and expedition. Though slow decisions may be criticized they will not be easily corrected. The need to protect against the wrong as compared with the untimely decision, even though the latter may be intrinsically the more damaging, will remain.

The problem, I repeat, is not of wisely-motivated or of ill-motivated intervention. Rather it is of anything that interferes with or distorts and destroys the firm or corporate personality. This is a matter of the utmost importance for external influence and impairment of autonomy will always defend itself on the grounds of the wisdom or sincerity of its motivation. This is not a defence.

V

I have noted that the corporate body, like the individual, is effective only if it has liberty to pursue specified goals. This allows the full development of its personality. The second great problem of the public corporation in the parliamentary democracy concerns the goals. Paradoxically, while there is grave danger that parliamentary authority will circumscribe the decision-making process and hence impair the personality of the firm, there is also danger that it will not be sufficiently aggressive and firm in specifying goals. Hence the standards of achievement of the publicly-owned firm will be insufficiently clear.

The goals of the modern industrial corporation in the United States or Western Europe are reasonably specific: Broadly speaking, the most successful corporation is the one that makes a good profit and achieves a rate of growth greater than its rivals. (To be head of a profitable organization is an undoubted source of esteem in the United States, but the highest honours are invariably accorded to the sizable firm which can claim the greatest rate of expansion.) The setting of targets for production and profit, and the drive to meet and exceed these goals, is a classic feature of Soviet planning.

The goals of the public corporation under democratic socialism have rarely been so clear. To maximize profits seems suspiciously like a return to capitalism. The obligation to grow and expand has rarely been definite and firm. Subjective goals, such as the rendering of good service to the community or concern for workers have been common. They have the handicap of their subjectivity—it is open to anyone to contend whether they are or are not being met. Those responsible often find it personally advantageous to spend more time asserting their good performance than in insuring it.

VI

You will not be in any doubt as to how I see the solution. The industrial firm, by one designation or another, is inevitable for any large and complex industrial task. It has a demanding personality; the major demand is an autonomy in everyday decision-making that is nearly absolute. That autonomy extends to the right to make mistakes for error will often be the price, and a small one, for expedition. The need for autonomy in the conduct of military operations is equally great. It is accorded as a matter of course. Nor can it be denied that generals have exercised to the full their privilege of making mistakes. The delay that excludes error is the one unforgivable mistake. In

the United States a few years ago one of our large automobile companies produced an automobile which was a sensational mistake. Great costs were incurred on the theory that the public wanted a mammoth vehicle with something of the physiognomy of a seasick frog. Had this been a publicly-owned corporation the criticism would have been acute. Doubtless it would have led to the requirement that all changes in car design should henceforth be submitted to a panel of public reviewers. The result might have been the avoidance of similar mistakes; one imagines that the result would have been recurrent and in the end much more costly delays while the panel resolved the problems of automobile aesthetics. The need for this autonomy is not peculiar to our system or any system. It is required by the nature of the corporation in all systems.

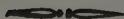
Autonomy must include, subject only to standards designed to prevent abuse, hiring and firing of personnel. It is flexibility here that makes possible the complementing of one skill by another, one man's knowledge with that of another and which enables the synthetic personality which we call the firm to do what no individual can do. The intrusion of politics and patronage into the public corporation is deeply subversive of the subtle relationships on which an effective development of this synthetic personality depends. But so also can be the intrusion of civil service procedures and routines. The latter may be admirably designed to insure equality of treatment for all employees. But the effect can be to destroy the easy interpersonal adjustments and the automatic co-ordination on which effective operation depends. The world is full of unhappy choices and in modern industrialism one of them is between perfectly just rules and satisfactory performance.

VII

But if the corporation must be protected in its personality from intrusion by outside authority upon its decisions, outside authority must be unremittingly firm in what it asks of the corporation. The goals it sets must be clear and utterly explicit. Success in all societies is in large measure its own reward, but there must never be any doubt as to what success consists of. If I had to lay down a measure for performance for the publicly-owned corporation in the developing country it would be the earnings that it is able to put into its own expansion. Such expansion, in the given or related field and within the framework of plan, would be considered the prime goal of the public sector firm. The most successful firm would be the one which by its efficiency and drive finds the earnings that allow it the greatest growth.

But I do not wish to press the point unduly. The important thing is that the goals be specific, clear and comprehensible to all.

And though the society should be wholly tolerant of errors that are within the framework of success it should be wholly intolerant of failure to achieve the specified goals. Indeed the non-achievement of goals, not the individual mistake is the meaning of failure. Autonomy does not mean less public accountability. If anything it means more—but it is accountability not for method, procedure or individual action but for result.



“To be any good, in his youth at least, a scientist has to think of one thing, deeply and obsessively, for a long time. An administrator has to think of a great many things, widely, in their interconnections, for a short time. There is a sharp difference in the intellectual and moral temperaments.”

—C. P. SNOW
(in “*Science and Government*”)

TRAINING OF PUBLIC SERVANTS IN A DEVELOPING ECONOMY*

N. K. Bhojwani

"An open and flexible mind, which recognises the need of transformation and faithfully sets itself to apprehend new conditions, is a prerequisite of man's usefulness."

—Lord Tweedsmuir

TRAINING of public servants is not a new idea. Since long, recruits or 'probationers' to various services have been put through courses of training in institutions specially designed to cater to the requirements of each service, before being posted to their jobs. The National Academy of Administration at Mussoorie is the largest institution of this class. There are others for probationers to the Revenue, Audit and Accounts, Police, and Railway services. Among the States, U.P., Bihar, and Rajasthan have set up training schools for recruits to services concerned mainly with district administration, while Madras has an elaborate training programme on the job for fresh IAS officers.

Training at these institutions generally seeks to provide probationers a theoretical induction to and acquaintance with the content and nature of their future work and environment, with special emphasis on the organisational, legal, procedural and operational aspects of their duties. It is imparted in much the same way as their previous education was imparted to them at school and the university. Once on the job, they grow with it, on the ladder of practical experience, with its achievements and failures, the challenges of getting along with colleagues—above, below and at the same levels—and reckoning with outside elements and administrative and other considerations in carrying out their duties as public servants.

THE NATURE OF THE PROBLEM

For some, experience accumulated through the years, turns them into administrative geniuses. Such persons may well be described as

*Text of the essay which won the First Prize (of Rs. 1,000) in the IIPA Essay Competition, 1960.

born administrators. But experience does not dole out its favours equally. For many administrators, experience may, indeed, not be even cumulative. It may amount to doing jobs in a given field reasonably well and perhaps making the same mistakes through force of habit. The jobs may be numerous and the field wide. But the experience accumulated is confined to them. The scope for *growth* offered by experience is, in consequence, limited. At the same time the spirit of public administration no less than its objectives, mechanics and horizons keep changing, calling for higher technical competence and imposing heavier burdens of accountability on public servants, inherent in a democratic form of government, free press and more exacting demands on the administration from the public for the fulfilment of their anticipations of a better life promised by freedom and economic planning. How are administrators to recognise the meaning of and react to such changes? Are previous education and training during the probationary period adequate for all time? What about numerous other public servants who do not undergo any training whatever as probationers *e.g.*, engineers, scientists, doctors and *promotees* from the ranks?

New concepts of training have developed round these questions based on the premise that the past liberal education at the university and probationary training are no longer enough for all time for civil servants of today and tomorrow. They generally aim at providing fresh *orientation* to *experienced* administrators to further develop their potential, widen their horizons and enable them to keep pace with change which has become the only constant in a modern administration. *It is this concept of training of public servants which will be the subject of this essay.* It is customary to initiate a discussion on it with a discussion about its necessity in the context of the expansion and growing complexity of governmental functions. It is not proposed to do so in this essay because it has received sufficiently wide recognition and acceptance in both academic and official thinking. But the usual time lag between an intellectual recognition of an idea and its emotional acceptance and adoption as a matter of normal discipline and a way of life is still far from spending itself out.

In consequence, intellectual conviction about training public servants is only very partially reflected in action. By comparison, business management circles are far more advanced in their acceptance of the idea of training. This is seen, for example, from the comparative use made of the Administrative Staff College of India, by the Central and State Governments and business houses. The composition of trainees at this College in the first 9 sessions was as under:

Total	383
Central Government	45
State Governments	41 ¹
Public Sector enterprises (Central)	45
Public Sector enterprises (States)	7
Private Sector	245 ²

Even to the extent that the emotional acceptance of the importance and necessity of training of public servants has developed, it appears to be subject to certain deliberate or sub-conscious mental reservations, such as an attitude that while training is an excellent thing, it is for 'others'; or a belief that no adequate *content and mechanics* of *formal* training can be worked out to appeal to and be of practical value to grown up public servants with practical experience. This latter belief is obviously the basis for the view that there is no adequate substitute for experience on the job and learning through doing, in the making of good administrators. The Executive Training Scheme of the Government of India, under which members of certain Central Services are deputed for training in District and field administration through secondment to local officers, is obviously based on this view. Such attitudes and beliefs have naturally lengthened the time lag between the recognition and the application of the idea of a formal and schematic training for public servants.

It may be worthwhile, therefore, to stress certain inadequately recognised aspects of the *raison d'être* of such training in the hope that the gap between conviction and action may be narrowed. These are :

(1) Developmental administration has imposed a compulsion on public servants to reach higher stages of responsibility and handle more complex tasks *earlier* in life than their predecessors had to do. This means that there is *less time* available for accumulating experience and developing talent through the normal processes of doing.

(2) There is a growing risk that inefficiency will tend to get masked and the outlook of public servants will tend to get fragmented in the expanding activities of Government.

(3) The *experience* of the *past* is becoming increasingly *inadequate* for the *future*, owing to the pace of change and new points of

1. Andhra Pradesh 4; Assam 3; Bihar 0; Maharashtra & Gujarat 6; M.P. 6; U.P. 1; Madras 1; Kerala 1; J & K 1; Orissa 1; Punjab 7; Mysore 3; W. Bengal 6; Rajasthan 1.

2. Selected business houses : Tatas 21; Associated Cement Companies 12; Hindustan Lever 10; Imperial Tobacco 11; Imperial Chemicals 8.

All these companies have other internal and external training programmes also for their executives.

(From the journal of the College.)

contact and relations between the Government and the public. Experience, therefore, needs to be reinforced with new skills required for developmental administration—skills not associated with administration in the past.

(4) To the extent that training promotes ability, it will help create the only stable, acceptable and practical basis for equality of status and opportunity in the public services, implicit in our ideal of a socialist pattern of society and embodied in our Constitution. In this sense, training has a philosophical basis.

These considerations suggest that any scheme claiming to offer a *liberal orientation*—an extension of the idea of liberal education—to public servants should provide a valuable supplement to experience, in the same way that a surgeon needs to supplement his experience with studies of cases and acquaintance with progressive research in surgery, medicine and allied sciences. No surgeon of repute depends wholly upon his own experience to sustain his competence.

THE OBJECTIVES

It is proposed to outline in this essay a concrete scheme of this nature and base our discussion of training on its objectives, content and organisational and procedural features. This will have the merit of avoiding discussion in abstract terms.

Its objectives are best stated in terms of the qualities which it should help public servants to develop. These can be identified from several points of view: *e.g.*, of the citizen in his various capacities and relations with the government; the legislator as the citizen's representative; the public servant himself as an employee; the foreign tourist and investor; and others. There is, in fact, much in common in the qualities which all these parties would value in any system of public administration and we may, therefore, pool them in one lot. The more important of these are : expeditious administrative action; sound decisions; a spirit of empathy, equity, imagination, helpfulness and courtesy; mutual confidence between the administration and the citizen (including government's own employees); emphasis on the human aspect of the exercise of authority; appreciation and practice of informal relations within the administration; mutual understanding between generalists and specialists, between the secretariat and the field staff; adequate knowledge of laws, rules and procedures; initiative; stamina; sense of responsibility; capacity to take risks; a sense of innovation; and motivation of public servants through psychic satisfactions from the job and feeling of creative performance, recognition and reward.

The list is illustrative and not exhaustive. It is not suggested that public servants, as a rule, lack these qualities or to the extent that they lack them, the deficiency is peculiar to them and that practitioners of other professions are innocent of similar deficiencies. Nothing could be farther from the truth. It does not need much argument or evidence to establish that any organisation, large or small, private or public, manufacturing or trading, philanthropic or profit making, requires qualities of the kind mentioned above. But they are of special significance in public administration, only because of its size, functions, responsibilities and relations with the public, its openness to the public gaze and criticism in the press, parliament and other circles at home and abroad.

THE CONTENT

What is the nature of the *material* which the scheme proposes to 'feed' to public servants to enable them to develop these qualities? As will be seen presently, it is of *immediate* and *intimate* interest to them in the sense that it is closely related to their *work*, *experience* and *environment*. It covers broadly the whole field of developmental administration and is calculated to deepen the acquaintance of trainees with its essentials through the simple process of heightening their awareness about them.

The material consists of the following subjects :

- (1) Organisation and Organisational Relationships;
- (2) Communication in Administration;
- (3) The Human Factor in Administration;
- (4) Developmental Administration;
- (5) Administration and the Public;
- (6) The Challenge of Change;
- (7) Authority and Leadership; and
- (8) Case Studies.

A detailed account of the purpose, content and scope of each subject (except case studies) is given in the 'briefs' which follow. Let even the lone reader undertake a test 'auto-study' of the briefs and assess his reactions in terms of any *new thinking* which they provoke and any *new awareness* which they create. When a number of persons undertake the study jointly, the effects are multiplied. It will be noticed that the briefs are intended to be discussed in study groups. The process of discussion will be further assisted by talks on matters

related to our subjects. The climax of discussion is reached in a conference of all groups. Altogether, as the time schedule of the scheme shows, it provides for 93 hours of group discussion and 10 hours for talks. But more about the *mechanics* of training later. Let us now have a look at our material as set out in the briefs.

BRIEFS FOR DISCUSSION

(1) *ORGANISATION AND ORGANISATIONAL RELATIONSHIPS*

This Subject is required to be discussed in 3 parts as under:

(i) *The Structure of Organisation of Departments*

A. This part is introductory. Its purpose is to provide members an opportunity to study the organisational details of their own departments, in adequate enough degree to be able to make them intelligible to others. It is not often that members of an organisation have the time or the opportunity to do so. It is, in fact, rarely, that they even think it necessary to do so. They tend to confine their attention to the working of their own sectors. While this is inevitable, a great deal is to be gained by looking in greater detail and critically at one's own department as a whole and knowing about other departments.

B. Each member will give a brief account of the administrative structure and organisation of his department; its functions; the chain of command; lines and methods of communications; budgetary provision; number and levels of manpower employed; span of control; attached and subordinate offices; their location and functions; departmental, autonomous, statutory and other bodies for which the department is administratively or constitutionally responsible; and other allied matters. Points of similarities and differences in the administrative structure and organisation of departments and the reasons for them should be noted. Discuss in particular whether it is possible to have a sound administrative structure with an unsound organisation or a sound organisation with a defective administrative structure.

C. What provision has been made for periodical review of the organisation and procedures of work in the various departments? Assess the content and value of O & M in this context. What contribution can work study make to improvements in organisation and procedures? What are the principles and techniques of work study? What practical considerations should it have in mind in recommending on questions of organisation?

(ii) *Inter-relation of Departments*

D. The second part is an extension of the first and will cover problems of relations between different parts of a department and between different departments.

Members should make a critical appraisal of the principles and practice of allocation of functions in their departments. Is an ideal allocation possible which will ensure that work is done smoothly and expeditiously and that its distribution is equitable in terms of workload? Does it turn on personalities? How can hazards of conflicts of jurisdiction be guarded against? What are the methods and procedures of co-ordination? What part do meetings, internal communication devices, informal discussions between individuals and references on files, play in solving differences or expediting decisions? Is there a distinct demarcation between staff and line functions? What is the nature of relations between specialists and secretariat officers? How are differences of opinion between them resolved?

E. Inter-relation of departments (including the audit departments) is even more complex. What are the principal and the more general matters involving relations with other departments? What problems of co-ordination do they suggest? To what extent and in what manner, can inter-departmental issues be handled in such way as to lead to expeditious disposal? Bring out the practical side of informal relations between them.

F. Relations with departments of State Governments and Union territories should also figure in the discussion. Have any devices been employed to secure co-ordination and expeditious agreement between them and the Central departments? What are these? Assess their practical value and suggest better methods.

(iii) *Delegation of Authority and Control*

G. Delegation of authority is said to be essential for effective administration. What is meant by delegation of authority? What are the principal forms and fields of delegation? Are they adequate? Is there any system of delegation *within* a department of Government? If not, is it feasible? What attitudes on the part of superiors and subordinates and other conditions are necessary for effective exercise of authority? To what extent is delegation a factor in developing administrative ability, appraising individual performance, distributing the load of work and expediting disposal? What factors militate against delegation achieving these ends? Is it possible to have authority without responsibility and responsibility without authority? How can they be matched?

H. Delegation of authority necessitates controls over its exercise. What should be the objects, methods and extent of internal and external and immediate and remote controls? How can controls inhibit or encourage the exercise of delegated authority? Would you recommend that every exercise of delegated authority should be reported to enable higher authority to know the manner and direction in which delegated authority has been exercised?

I. What is the difference between constitutional accountability and administrative responsibility? How are they made effective? How do they affect delegation of authority, its exercise and controls over it? Does constitutional accountability inhibit exercise of administrative authority and acceptance of responsibility? How can it encourage both?

Conference : Each Group will have two *Rapporteurs*, one for parts (i) and (ii) and the other for part (iii). After the conclusion of discussion they will present, at a conference of all Members, the principal conclusions of their deliberations, in speeches of 10 minutes each. Further discussion of selected issues will follow thereafter.

(2) COMMUNICATION IN ADMINISTRATION

The object of this exercise is to develop in the participants an appreciation of communication in its verbal and aural aspects. An administrator is a communicator and apart from planning, control and supervision, an important part of his job consists in expressing his ideas clearly, listening to others effectively and participating usefully in group deliberations. As he rises to higher positions, his ability to bring people together in joint decisions through persuasive speaking and proper listening, assumes increasing importance. The full significance of this is frequently not appreciated. Administration thereby loses the use of some valuable tools.

The exercise will consist of :

(i) An introductory discussion on the principles and practice of good speaking (not oratory) and effective listening.

(ii) *Speaking practice :* Participants will have opportunities of speaking, listening to their own voice played back on a tape-recorder and to the listeners' criticism of the manner in which the subject of the speech was dealt with in the light of the principles and practice of good speaking noted in the introductory discussion. Not many people listen to their *own* voice and rarely stop to think how it sounds to others. Playing back a speech has the effect of creating reactions in the speaker

to the tone and modulation of his own voice and his manner of speaking. A frank criticism by listeners as to how a subject was dealt with is an important factor in developing the habit of precise speaking.

(iii) *Listening practice* : In this exercise an individual's capacity to listen and *retain* the essential content of the spoken word is tested. Effective listening is a *discipline* for both the *speaker* who wishes to be heard and the *listener*. It is said that people actively listen about twenty per cent of what they hear and tend to 'black out' or think of other things for the rest of the time. What does this demand of speakers and listeners?

(iv) *Committee and Conference techniques* : This part will call for a discussion of the working of committees and conferences. They have become essential means of consultation and decision making. It has been estimated by the O & M Division of the Government of India that as much as 40 per cent of the time of officers at the higher, middle and senior levels is devoted to meetings. Yet there is a growing feeling that meetings do not often reach definite conclusions. What are the reasons for this? How can their working be made more effective and less time consuming?

(There will be no conference or reporting on this subject.)

(3) *THE HUMAN FACTOR IN ADMINISTRATION*

The efficient and smooth working of an organisation rests basically on the mental, physical and emotional harmony of its members with their work and environment. While the problems of efficient utilisation of financial and material resources have engaged expert attention and receive continuing scrutiny, those of handling human resources have remained relatively neglected. Against extensive manuals on financial and service rules and office procedures, codes of accounts, etc. there is hardly any manual on the importance of the human factor in public administration. According to a recent press report of a survey, 40 per cent of time of Ministers in the Punjab is devoted to hearing complaints from subordinate staff and the public against senior officers.

In this exercise, therefore, you are invited to study the importance of the human factor in public administration.

What kinds of satisfaction does an individual seek in his employment? Is it the financial reward of it and prospects of higher rewards, or some other things also? What are these? Work is said to be a complex of social and psychological processes. What does this mean?

What is the place of personal relations in this context between individuals at the same and different levels? What factors cause dissatisfaction with work, in particular, a sense of lack of fulfilment?

All individuals have their weak points which should be corrected and strong points which should be developed. How can this be done? Should individuals be informed about their strong and weak points? They determine among other things, their attitudes to work. It is said that there are positive and negative attitudes to work. In what ways do they manifest themselves? Are attitudes to work an index of the vitality of an individual and an organisation? What are the other symptoms of vitality and the lack of it? What factors are involved in imparting and maintaining vitality? What part can job rotation play in this? Consider its limitations at different levels and in different spheres of work. How would you deal with a subordinate who thinks he is too big or over-qualified for his job?

What is meant by motivation? How can individuals, at different levels, be motivated to give their best? How much should senior executives meet and talk and listen to their juniors? How should this be done? Has this any effect on morale and efficiency? Can this be overdone?

The running of an organisation requires giving and taking of orders, both in writing and verbally. What reactions do individuals have to the manner in which orders are given? Do these reactions depend on the status and background of individuals giving and taking orders? Or, are human reactions basically the same?

Human nature is normally endowed with a sense of courtesy. What is its place in administration? Which other qualities do subordinates like in their superiors? What is the importance of 'example' in good administration? *Can you recollect any instances of good and bad handling of you by your superiors; and by you of your subordinates?* What were their effects? Was bad handling avoidable?

What is the significance of a correct appraisal of an individual's work? How can the process of appraisal be made an instrument of developing an individual's potential? In this connection, review the present system of appraisal and suggest improvements in its procedure.

What is the scope for welfare work for government employees? Is welfare a question solely of amenities and social activities during leisure hours or does it involve a deeper assessment of human needs? To what extent should welfare activities be based on contributions from the beneficiaries? What forms should such contribution take?

Staff Councils have been at work for some time. After reviewing their objectives, constitution, functions and working, suggest how they

can be made more effective instruments of harmonious relations between the government and its employees.

What are the objectives and functions of Staff Associations? Are they adequate? Or can they contribute to higher standards of conduct and performance on the part of their members? How can they do so?

At the conclusion of the discussion, *each* member should write *two* appraisals of *himself*, not exceeding 200 words each. One of these should be deemed to have been written by an appreciative superior and the other by one who is inclined to be penetrating, critical and harsh but not hostile.

Conference : Your *Rapporteur* will present the more important conclusions reached in your discussion at a conference of all members, in a speech of 10 minutes. Further discussion of selected issues will follow thereafter.

(4) *DEVELOPMENTAL ADMINISTRATION*

In this exercise you are required to examine the objectives and policies of Government for the economic and social development of the country and their administrative implications. Its object is to enlarge the perspective of the group in regard to the activities of Government and the contribution of its members to their performance.

The study includes consideration of:

- (i) the Directive Principles of State Policy as embodied in the Constitution;
- (ii) the purpose, general framework and significant details of the Third Five Year Plan and the problems which have arisen in the process of implementing the first two plans;
- (iii) the nature of the demands which policies of economic and social development make on administration. (This should be considered in the light of members' own experience in recent years.);
- (iv) the nature, causes and remedies for administrative delays. To what extent are they due: (a) to complex rules and procedures; (b) attitudes of public servants?

When the Government sets out to expend large and increasing amounts of money and effort on development, it is useful also to evaluate the results. The group should consider and suggest the principles, mechanics and limitations of evaluation, preferably in terms of specific fields of activity known to them.

Conference : Your *Rapporteur* will present in a speech of 10 minutes at a Conference of all members the more important conclusions reached in the course of discussion of this subject. Further discussion of selected issues will follow thereafter.

(5) ADMINISTRATION AND THE PUBLIC

Expanding activities of government are bound to impinge increasingly on the life of the people. It is important, therefore, to examine the implications of this impact on the relations between them.

You are asked to examine:

- (i) the broad framework of our Constitution with special reference to legislative procedures and the more important features of the working of Parliament and State legislatures and their impact on administration;
- (ii) the place and mechanics of consultation in administration, and the nature of the obligations of administration to the press, public, business community and others;
- (iii) the means by which the Government keeps itself informed of reactions to its policies;
- (iv) in particular, what do people (including past and present government employees) expect of administration? Should reasons for administrative decisions be given, when applications etc. are rejected? Should time norms be fixed and announced for the disposal of cases? What factors cause misunderstandings, irritations and friction between public servants and the public? Should the citizen be assisted by public servants in dealing with the Government? How can this be done?
- (v) the place of rules, regulations and procedures in administration. Are they the means to certain ends or ends in themselves? Can any 'principles' be laid down for relaxing rules? Can any 'principles' be laid down for exercising administrative discretion in administering rules?
- (vi) the extent, forms and causes of corruption in administration and the remedies for it.

Conference : Your *Rapporteur* will present in a speech of 10 minutes, at a conference of all members, the more important conclusions reached in the course of discussion of this subject. A further discussion on selected issues will follow thereafter.

(6) THE CHALLENGE OF CHANGE

In this exercise, you are required to consider the administrative problems of planning for adaptation to new situations arising from expanding activities of Government or unforeseen emergencies.

The group should consider itself to be a Committee of officers entrusted with the task of advising the Government on dealing with an emergency or initiating a new project or meeting with some unforeseen problems thrown up by a project in the course of execution. It should feel free to think out the nature and content of the emergency, project or problems as the case may be. These should preferably be of a nature closely related to their knowledge and experience.

This exercise involves constructive application of the principles of administration examined in earlier subjects. It will require an appreciation of the situation selected, assessment of data (to the extent available), definition of objectives, the place, nature and extent of administrative action and arrangements required, preparation of estimates, inter-departmental co-ordination, including co-ordination with State Governments, if any, and the administrative procedures suitable for these purposes. Any legislative action required should also be examined.

Report : In your Report to the Government, not exceeding 2,500 words, set out the nature of the situation, the necessity of meeting it and recommend the nature of action and resources required for the purpose.

Conference : This report will be circulated and thereafter formally presented by your *Rapporteur* at a conference of all members, in a speech of 10 minutes. In his speech he will make such supplementary observations as, in his view, will promote a better appreciation of the report. A discussion of selected issues will follow thereafter.

(7) AUTHORITY AND LEADERSHIP

In this exercise, you are asked to consider the place of authority and leadership in administration. Both are essential for the efficiency and vitality of an organisation. Authority emanates from law and its enforcement is ultimately based on compulsion. Leadership, on the other hand, is associated with the responses which the exercise of authority creates.

As administration calls for co-operative endeavour towards a common task, an administrator has to forge individuals and groups into effective teams. What part do authority and leadership play in

this? What distinguishes the one from the other? To what extent and in what way does the distinction rest on attitudes and methods? Is authority relished for its own sake, or as an opportunity to be used with a sense of fulfilment of objectives? Does authority offer a choice of exercising it 'over' or 'with' subordinates and citizens?

For example, to what extent should decisions be taken after consulting those affected by them or who will be required to carry them out? How much consultation before decision is in practice, feasible? What forms should consultation take? When decisions are taken without consultation, how soon and in what ways are people concerned informed about it? How important is it to test their reactions? Should decisions be explained?

Are human reactions to authority and leadership basically the same at all levels? Or do people at lower levels and those who have risen from the ranks react differently to authoritarian methods and the reverse is true for others? Do responses to the exercise of authority also depend upon the background of those who exercise it?

Do centralised recruitment, selection and promotion, regular increments and security of tenure militate against effective exercise of authority and leadership? To the extent that they do so, can anything be done to counteract them? Is the administrator really as helpless as he sometimes thinks he is?

It is said that an administrator should know his men. How much should he know? And how does he go about it specially when taking over a new Department? Should he have individual interviews, examine individual files or meet his members in groups? Or just leave it as something that will inevitably happen in the course of work? Is there any danger or inheriting prejudices in 'taking over' men with the same care as the work of a Department? Is there any risk in knowing people more than as employees and subordinates?

What is discipline? Is it merely the absence of acts of indiscipline or something more positive? Can a tendency towards indiscipline be detected before acts of indiscipline come to notice? How? What are the characteristics of such a situation? Can indiscipline occur at senior levels of administrators?

How is discipline created and maintained? Is taking disciplinary action the only or the most effective method of ensuring discipline? Or, are there better ways? To what extent is it a function of good leadership? What part does 'example' play in creating and maintaining discipline?

What is the effect of overlooking minor lapses merely because they are minor? Does it or can it lead to major lapses? Can major indiscipline be prevented by taking notice of minor lapses? Is the tendency to overlook faults the result of tendency to seek popularity, or avoid unpopularity or an unpleasant situation? How dangerous is this? How can it be brought home to persons concerned that lapses have been noticed? Should superior authority 'explode'? Or a 'look', a 'hint' or a word of caution or advice in private would do? Is it wise to reprimand subordinates in the presence of others?

Having considered all these matters to what extent, in your view, is it possible to exercise authority effectively without leadership and exercise leadership without authority? Is leadership a matter for the top man only or can it be exercised at other levels also? How much depends on the personality of the top man?

Conference : After the conclusion of your discussion, your *Rapporteur* will present to a conference of all members the more important conclusions reached, in a speech of 10 minutes. This will be followed by discussion of selected issues.

(8) CASE STUDIES

We consider case studies to be a highly potent tool of training in public administration. Unfortunately, no case studies in administrative problems in India are available. But it appears from the Report of the Ministry of Finance for 1960-61 that a beginning has been made in compiling case studies in the Department of Expenditure and discussing them in meetings as a means of administrative improvement. The Indian Institute of Public Administration has also interested itself in case studies recently and set up a Committee to build up some. The Committee is understood to have set itself a target of 12 studies for its first year's programme. The studies planned are, however, rather voluminous, running into 15,000 to 20,000 words each and covering situations involving large and complex issues. While they are bound to make valuable additions to the archives of the Institute, they are likely to remain above the needs and reach of training. It is suggested that the Committee should undertake preparation of shorter and simpler studies also, built on situations falling within the area of activities of the middle, junior and supervisory levels of public servants, who constitute the backbone of administration.

Even at the Administrative Staff College, case study as a subject in the course, was first introduced in the 10th session (Jan.-April 1961), to supplement members' thinking on problems in abstract terms, with exercises in solving problems associated with real situations. But all

the case studies, so far, are based on problems of business management. This is obviously due to scarcity of case studies in Indian public administration.

Here then is a fertile and almost virgin field for research, the fruits of which will be of great value for training in developmental administration. As a tool of training, few methods place a greater premium on the skill and ingenuity of instructors, and for trainees, are more challenging, stimulating and conclusive and nearer to reality than the case method. It is because of the paucity of material that we have provided only 6 hours for case studies out of a total of 103 hours for the course. We would have liked to devote 50 per cent of the time to case studies.

Time schedule for the Course :

The following table indicates a tentative time schedule for the course of studies. It suggests that talks on the various subjects should be fixed during the period mentioned against each, preferably halfway.

(Figures indicate hours)

<i>Subject</i>	<i>Group Study</i>	<i>Talk</i>	<i>Con-ference</i>	<i>Schedule</i>
Organisation and Organisational Relationships	18	1½	1½	1st to 10th day
Communication in Administration	10½*	1	..	2nd to 8th day
The Human Factor in Administration	9	1½	1½	3rd to 10th day
Developmental Administration	12	1½	1½	5th to 15th day
Administration and the Public	12	1½	1½	7th to 16th day
The Challenge of Change	10½	1½	1½	9th to 18th day
Authority and Leadership	6	1½	1½	15th to 19th day
Case Studies	3	..	3	15th to 19th day
	81	10	12=103	

*includes 6 hours of practical exercises.

MECHANICS OF TRAINING

Having presented the material to be fed, the next question which needs to be answered is : *how* is it to be fed? It would be a serious

error to suppose that grown up people of some experience and status can be treated like students and be subject to conventional methods of instruction through lectures and tutorials. The very idea of teaching would be repulsive to them. The manner of *handling* our men and material is, therefore, as important as the material itself.

Our briefs contain about 250 points for discussion presented in the form of *suggestive* questions and observations. They do not claim to exhaust the subjects. It will be noticed that no conclusions are suggested. Experience shows that for *each* point several others are thrown up in the course of discussion and yield a remarkably extensive coverage of principles, experience, problems and practice. For this, some of the subjects will not require any reading. Some others will require a certain amount but not very extensive. Altogether, what emerges will be related to what is *latent* in the *minds* of the participants. This underlines the importance of providing subjects of intimate and immediate interest to members. Anything which is distant is liable to cause loss of interest. This is noticeable in respect of some subjects at the Administrative Staff College so far as public servants among the members of the courses are concerned, because those subjects do not fall within their compass of experience and interest; for example, marketing, production, sources of finance, study of selected industries, problems of adaptation to economic and technological changes and case studies. These subjects tend to enthuse public servants less than members from business organisations who are able to apply their experience to the problems involved. This is not to underestimate the intrinsic value of the subjects or the overall suitability of the course for public servants but only to underline a limitation of a course designed for persons having widely different fields of administrative interest and experience.

It is our considered view that the size of the study group should not exceed 14 members and that 3 to 4 groups per course should be the normal scale of operation. These limits will ensure a degree of intimacy and opportunity necessary for effective training. Each group will be in charge of a Member of the Directing Staff and all groups will have a common time-table of assignments. This means that they will be discussing the same subject simultaneously. Their tools of work will be: (i) briefs on different subjects; (ii) case studies; (iii) talks; (iv) background papers on selected topics; and (v) reading material recommended for different subjects.

Because all these tools are intended to *stimulate* what is already *within* each individual, their value will be measured in terms of the provocation they offer to the thinking of members. This means that

the members should be left free to the maximum extent possible to draw upon their *own* fund of ideas and develop the techniques of locating, identifying and presenting them, challenging and convincing others and appreciating different points of view.

For this to happen in adequate measure, it is important that the members of a course and of each group should represent a variety of experience and belong to different but related departments. They should also be of a reasonably high calibre, with a good performance record and future promise. There is a tendency to hold back such individuals and select the sub-average for training. This is a controversial matter which need not delay us. But so long as the resources of training are limited it would be a better investment to apply them first to persons who will be able to pass the benefits to their organisations. This is coming to be recognised by the more enlightened organisations in the private sector.

Directing Staff

The members of the Directing Staff in charge of groups have a vital role to play in our scheme. We have put them in the chair to guide the work of the groups on the lines set out in the briefs and to ensure that the discussion is sufficiently exhaustive and each member makes a purposeful, systematic and substantial contribution to it. At the same time they should resist the temptation to anticipate difficulties, offer solutions or to speak the thoughts of any individual. At the Administrative Staff College the chair is taken by a member of the group. While this has certain advantages, we prefer the chair to be taken by a member of the faculty in our scheme, because our course is shorter in time and quicker in pace. The essence of group study is, however, preserved because the members of the groups will draw as much from their discussion as they put into it. We have also provided that each group will have its own spokesman, to be known as *Rapporteur*.

Even so, the Directing Staff should consist of experienced administrators, provided they have also a good academic background and a *personal preference* for a training assignment. It would be as inappropriate to associate with training in public administration persons without experience of administration, as it would be to associate with the training of physicians, persons who are not physicians themselves. Training in administration is perhaps a more difficult assignment because it is related to the development of personal attitudes, judgment, imagination and several other qualities which go to the making of good administrators.

Conference Procedure and Objectives

The Conference referred to in our briefs means an assembly of all the members of a course convened for a final discussion of a subject, in effect, a summing up of groups' deliberations. To permit group thinking to reflect itself in its proceedings, seating of members should be groupwise. A conference is an important event and to show that it is so regarded, it should be conducted by the Director or a guest visitor, assisted by a member of the Directing Staff in charge of the subject.

The first part of the Conference will consist of short speeches by the *Rapporteurs*. The order of speaking should be announced in advance. The speeches will be expected to highlight the basic views, significant differences of opinion and the more important conclusions of the different groups. They are actually intended to provide an exercise in speaking to a critical audience. A *Rapporteur* has the burden placed on him of setting out and summing up the views of his group with the confidence that his presentation will be accepted as well-balanced, discriminating and effective. Experience shows that the exercise breeds confidence and develops communication skills which are so essential in practical administration.

The second part of the conference will consist of discussion of selected issues suggested by the study groups in advance. This means that when study groups complete their discussion of subjects, they should suggest some important and substantial issues for further discussion in a conference. A suitable agenda should then be prepared from the issues suggested. It should indicate the groups from which the issues emanated. Discussion should be initiated by any member of the group concerned and then thrown open to the conference. This offers a further opportunity to all members to participate in the proceedings in the presence of a larger audience. This is calculated to develop quick and disciplined thinking and expression of views.

The final part of the agenda may consist of a summing up by the Director or the guest speaker or the member of the Directing Staff, as may be considered suitable.

Environment of Training

The ideal environment for a short and intensive course of the type discussed is residential because it allows members to concentrate on their assignments undisturbed by their professional and domestic preoccupations. The atmosphere of living together also contributes to the objectives of the course through continuing the thinking initiated

in study groups, into the lounge, the dining room, the library and elsewhere, through more informal and personal exchange of views.

If the course cannot be made residential on grounds of cost or lack of facilities, it is suggested that it should be made a full-time assignment. It is not wise to combine one's daily duties on the job with part-time training. Trainees at the Tata Staff Training Institute at Jamshedpur have to do so and it is understood that the authorities have recognised the drawbacks of the system.

Duration of Training

The time schedule shows an estimate of the time which the course would require to complete. Converted into days, a programme of 103 hours would cover about 21 days. This takes account of the fact that participants would have to put in about 30 hours of private study and preparation. It is felt that this period is not too long to deter departments from releasing men or participants from accepting training. These are material considerations in determining the length of the course. Neither should the time schedule be compressed unduly. It takes a few days for them to respond to the environment and discipline of training. To rush with training is to prevent the mind from developing its receptivity. This is important because training does not really end with its formal conclusion. By increasing the receptivity of the mind, it generates a sense of curiosity and awareness which continues in later years. In this sense training is said to be a continuous process and no formal training is worth the name if it fails to sustain the interest which it stimulates.

Training—For Whom ?

Having considered the objectives, content and mechanics of training, the simple answer to this question is, obviously, that training is good for everybody. As we have attempted to show, there is nothing derogatory about it. All that it seeks to do is to get a few public servants together and help them to organise their thinking on matters related to their work, solely as a means of their becoming actively aware of their significance in fuller measure. Are there any who have *no need* for this kind of awareness?

Psychologists tell us that the practitioners of a profession tend to develop a 'tunnel' vision of their work. Like experts, public servants are said to tend to know more and more of less and less and become disinterested in the rest. This is understandable. For one thing, there is in public administration, no visible relationship between an individual's work and its end-product. On the contrary, a public

servant is expected to have a passion for anonymity. Secondly, it is only recently that public administration has come to be invested with an intellectual content, the centre of which, in India, is the I.I.P.A. Till lately *literature* on public administration comprised almost wholly of codes, manuals, rules, regulations and reports. But the change is so recent that the basic assumption still is that experience is the only basis of competence.

Recognising the limitations of this assumption and finding that as a consequence of rapid growth and change, its executives were developing a tunnel vision and developing into a minor bureaucracy, the T.I.S.C.O. has made it nearly obligatory for its senior executives also to attend courses at the Company's Staff Training Institute at Jamshedpur and the Staff College at Poona and at the Administrative Staff College at Hyderabad solely as a means of enlarging their vision so as to bring within its ken the nature and significance of economic, technological, social and other changes and the qualities of management talent demanded by them.

In this regard also the private sector has taken more cognisance than Government has of the value of training in its proper perspective and placed its benefits within the reach of all executives including senior levels. The importance given to the development of senior levels is evidenced by Senior Management courses held at Srinagar in 1960 and 1961.

The patterns of training for all levels will not, obviously, be uniform. They are bound to vary in detail but basically there will be a similarity in the nature of awareness sought to be stimulated, though its intensity and the depth of its absorption will naturally depend on the level of the persons concerned.

The scheme presented here is believed to be suitable broadly (with minor variations) for 3 levels of officers of the Central and State Governments, State industries and local bodies:

1. *Senior Middle level* e.g., Deputy Secretary, Superintending Engineer, Director, Financial Adviser, Chief Accounts Officers, Personnel Officers, Colonel and equivalent.
2. *Junior Middle level* e.g., Under Secretary, Executive Engineer, Deputy Director, Major and equivalent.
3. *Supervisory level* e.g., Section Officer, Assistant Director, Registrar and equivalent.

It is also suggested that training be imparted to all levels evenly with greater bias in favour of senior levels for the reason that the efficiency, vitality and morale of an organisation depend essentially

on the calibre of the higher levels. To exclude them on the ground solely of seniority and status or on the somewhat mistaken notion that the dilution of junior and the supervisory levels can be made good without training the more senior levels would be to weaken administrative leadership. The benefits of training descend; they do not ascend. We further refer to this aspect of the matter in our sections on Evaluation and External Conditions of effective training.

EVALUATION

The necessity and value of a systematic evaluation of a programme has found increasing acceptance in recent times, in recognition of the fact that rapid multiplication of human activities carried with it risks of covering up wasteful expenditure of resources. Evaluation is a safeguard against waste. As training of the type discussed in this paper is one such new activity, it would be wise to subject it to the discipline of evaluation. From the nature and mechanics of evaluation suggested for it, it will be observed that the system of evaluation is a *built-in* feature of our scheme and not external to it. The process of evaluation suggested is also *continuous* and not an after-the-event judgment.

The system proposed is based on an assessment of:

- (i) the reactions of the trainees during training;
- (ii) the reactions of their sponsors to the performance and attitudes of their nominees after training;
- (iii) the effects of training on their thinking and day-to-day work by the *trainees themselves*.

In regard to the first, it is suggested that the process of evaluation should commence from the beginning of the course and continue till its end. Undertaken by the Directing Staff, it should begin with locating participants who are likely to prove difficult. The criteria of being difficult may include a participant's open scepticism of the value of training on which he is about to embark, incapacity to co-operate with others, a tendency to dominate, incapacity or reluctance to contribute to group discussion, indifference to his assignments, etc. It is useful to locate such people early enough. Once located, they should be subject to special but unobtrusive handling. This may be by a member of the Directing Staff or the Director of the course. While the kind of handling required will naturally vary from individual to individual, it is certain that it should take note of the possible *causes* of an individual's attitude. For example, does he feel that his selection for training is derogatory to his status, seniority or sense of self-importance? Or that he has been selected because his employers do

not think much of him? Has he been sent against his wishes? Are any domestic worries upsetting him, etc.? This kind of approach is calculated to help the authorities to build up a sense of harmony between the participants and their environment and assignments during training.

The Directing Staff should thereafter make brief observations on the outlook and work of the participants at prescribed intervals during the course and note *changes* as the course progresses. The observations should cover, in particular, a participant's acceptance of the discipline of training, the degree of his interest in it, the amount of the effort that he puts in and the quality of the contributions made by him. These observations should be discussed in the meetings of the Directing Staff so that more than one view may be obtained and the Director is enabled to form a balanced view of the characteristics of each individual.

The next stage consists in individual interviews of participants with the Director. These should take place a little before the end of the course and should aim at discovering the overall reactions of the participants, to the course as a whole and in respect of its constituent parts. They should be encouraged to speak freely and frankly and offer suggestions for improving the content, organisation and procedures of the course. These interviews are bound to throw up valuable ideas and to the extent that any suggestions are found practicable and acceptable, they lead to improved acceptance of training by future participants. But it will be unwise to ask participants to give in *writing* their estimation of training. This will seem like soliciting testimonials.

In regard to the second feature of evaluation *viz.*, watching the reactions of the sponsors to training, it will be equally unwise to solicit their views in writing. This part of the assessment should be based on a different kind of evidence. If departments continue to sponsor candidates without a reduction in their number and *quality*, it is a sign that they think well of the training provided. An increase in the number of departments offering candidates is also a sign that training is finding widening acceptance. This means that a detailed analysis should be maintained of sponsoring departments and the number and the *quality* of nominations made by them. It would be equally useful to invite senior officers to see for themselves the nature, content, procedures and environment of training.

In regard to the third part of evaluation *viz.*, assessment by trainees themselves, this may be based on a short review course. At the Administrative Staff College this takes place 15 to 18 months after the main

course and lasts for 6 days. It is a reunion of members of a previous session. They are invited to assess *inter alia* the value of training received by them in terms of its effects on their thinking and action. There is no check list for this. Organised in discussion groups as in regular courses, participants in the review courses are left free to do the assessment. There are always some who say frankly that they are unable to identify, specify or quantify the effects of training on their thinking and work. But there are others who are able to do so in terms of broadening of outlook; kindling of a new sense of curiosity; ability to speak and understand the language of management; better acquaintance with sources of information; ability to interpret experience in terms of principles; locate and identify problems and apply principles to their solution; realisation of the importance of informal relations and the human factor in organisation; etc. Some may go farther and claim to have derived substantial direct and indirect financial benefits from training, e.g., through economies in organisation; elimination of wastage or avoidable overtime; better understanding of subordinates and superiors, etc. based on ideas gathered during training. Experience of review courses at the Staff College suggests that participants exhibit a greater sense of confidence and poise than when they first came and appreciate the fact that it pays to withdraw from the humdrum of professional activity for some time and reflect on the problems of management in the company of others with similar interests but different experiences and outlooks.

EXTERNAL CONDITIONS OF EFFECTIVE TRAINING

We may conclude this discussion with a reference to some of the more important conditions *external* to the intrinsic merits of training which influence its effectiveness. One of these is that in so far as training creates an intellectual awareness of the nature of administrative problems and raises the level of understanding of their fundamental implications, it is essential that this awareness should be shared by persons at higher levels also. There is otherwise a likelihood of trainees feeling frustrated through an apparent ignorance and perhaps violation of the principles of sound administration by their superiors. The importance of this has been stressed by several persons from the public and private sectors at the Review Courses at the Administrative Staff College. The substance of some such views may be expressed as follows: "It is not enough that we alone grasp the principles and practice of sound organisation, or of delegation of authority, or the value of the human factor in administration, or the value of integrity in administration, if our superiors remain blissfully unaware of them and they do not find a place in their thinking and action. Can the police promote safety on

the roads if their own vehicles jump the lights?" It follows that persons at senior levels should also acquaint themselves closely with the objectives, content and procedures of training and even agree to accept and undergo a certain measure of orientation themselves. Realising the importance of this, several companies in India and abroad have, as already noted, established special courses for their senior personnel.

Another important factor is that training will *not* raise the level of performance in an organisation if its working is not based on integrity, justice and equity. Where these are lacking, training will fail to infuse a motivation for efficient performance. This is particularly relevant in public administration because in the nature of its organisation, size and procedures it tends to make the individual anonymous and insignificant. The significance of this factor has also been stressed at the Review Courses at the Administrative Staff College, and may be expressed as under: "Training cannot make much impression if it is not *what* job you handle and *how well* you do it but *whom* you know, and where and how you happen to be placed that matters : or if membership of certain services is essential for progress, no matter how good the performance of others may be; or if in placing individuals, the authorities take no account of aptitudes, experience and personal preferences; or if in administering rules, senior levels appear to obtain the benefits of relaxations denied to others; etc."

Thirdly, training will tend to lose its value to the extent that the political direction of administration supersedes the professional administrator. In a democracy, this is not wholly avoidable. But carried beyond a certain point administration loses some of its character as a profession, a social science or a discipline.

The deficiencies referred to above would undermine the efficiency and morale of an organisation under any circumstances. But *curiously*, they are liable to do so more readily when its employees receive the benefits of training. This is because the enlightenment of training builds up certain ideals, enhances the sensitiveness of its recipients to faults in their organisations and colleagues, and subjects them to stresses of reasoning, frustration and scepticism. That training, like mass education in a democracy, sharpens critical attitudes and may even cause some disaffection, should not seem surprising.

This is not to conclude on a note of despair but of caution and hope, because there are inherent in training itself, forces which will tend to correct the deficiencies referred to. But it will be wise to quicken this process consciously by treating administration as a capital asset liable to depreciation and obsolescence, and training, as a capital investment to be applied in adequate doses both laterally and vertically.

This can make all the difference between modicrity and excellence in public servants.

NOTES

CHECK LIST

(of matters on which action will be required in organising a course of training)

(A) *About Members of Course :*

1. Determine level of candidates required for a course; (3 months before commencement)
2. Advise sponsors on the level and calibre of candidates to be nominated by them; (3 months)
3. Candidates selected should provide an adequate variety of administrative experience and represent different but related organisations; they should be of comparable status;
4. Interview candidates sponsored, for purposes of selection; (6 to 8 weeks)
5. Preliminary letter to selected candidates on the general features of the course and advising them to acquaint themselves with the working of their organisations as a whole; (4 weeks)
6. Brief notes on the background of each candidate—for record, and information and use of Directing Staff; (1 week)
7. Alphabetical list of candidates—name, designation, address and name of sponsor—for circulation to each candidate on arrival; (one week)
8. Constitute study groups to provide an adequate variety of experience in each;
9. List of members of different study groups (name and sponsoring organisation only); (one week)
10. Time of the first formal inaugural conference of all candidates;
11. Induction meeting of study groups to inform members about the content of the course, procedures and other details;
12. Time-table of individual interviews of candidates with Principal/Director before conclusion of session;

(B) *About Course of Studies :* (*Papers for circulation to all candidates after arrival*)

13. General notes on the subjects of the course, procedures and other activities;
14. *Briefs, time-table and reading list* for each subject;

15. General time-table of the course showing the nature, date, time and place of each activity;
16. Provisional list of talks scheduled;
17. *Weekly* time-table (showing departures from the General Time-Table);
18. *Papers* on selected topics in the course;
19. Case studies;
20. Notes on the duties of *Rapporteurs*;
21. Lists of *Rapporteurs* for different subjects for each group;

(C) *For Members of the Directing Staff :*

22. Notes on the duties and responsibility of the Members of the Directing Staff;
23. Notes on each subject for Members of the Directing Staff;
24. Conference of Members of Directing Staff for discussion of each subject before it is taken up for discussion by groups;
25. Fix date of first confidential report on candidates by Directing Staff;
26. Fix dates for subsequent reports at prescribed intervals;

(D) *General :*

27. Instructions for seating arrangements in the Conference Rooms :
 - (i) For Talks—General seating;
 - (ii) For Conferences and case studies—seating by groups;
28. Pigeon holes for individual members for delivery of reports and other documents.
29. Specially designed tables for group meetings and provision for black board, other accessories and drinking water; (no service);
30. Typed name cards for each member of each group (showing name, designation and sponsoring organisation);
31. Board (12"x6") for each group with arrangements to hold name cards according to seating of members round the table;
32. Letters of general appreciation to sponsoring organisations for nominating candidates (a little before the end of a course);
33. No report to be made on any candidate unless asked for by his sponsoring organisation;
34. Lists of persons to be invited to see the working of the course/attend conferences/give talks.

Public Administration - G. But

SALIENT FEATURES OF THE BRITISH ADMINISTRATIVE SCENE*

Raymond Nottage

ONE of the outstanding problems with which the British Government is at present faced is the means by which it should regulate the economy. The British economy has been poised since the War on a delicate balance. We need to export a great deal of our production in order to pay for the food and raw materials we must import. We are bankers for the sterling area, and we have to keep our currency reserves in good order. These major problems give rise to very difficult questions of government policy; and, in turn, to questions of government administration. We have credit squeezes. We have fluctuations in interest rates. Periodically efforts are made to keep back the demand for goods at home in order that manufacturers shall be impelled to export more. But there is a general feeling that we have not really found the final answers to these problems. We get the economy humming along and we seem to run into a balance of payments difficulty. Then, in putting the balance of payments right, we slow down economic growth in the process. Our economic growth over the past few years, although it has shown some advance, has tended to grow in fits and starts, and it is a major problem at the moment to discover how to maintain reasonable equilibrium in regard to the balance of payments while enabling the economy to go on expanding steadily and without producing periodical crises.

In the early days after the War, one of the means of economic regulation was the slowing down of capital investment and, when a balance of payments difficulty arose, the Government would say that capital expenditure must be cut. We found, however, that it was exceedingly difficult to cut capital expenditure quickly. The cost of breaking contracts was by no means inconsiderable, and in any event the effect was pretty slow-moving. I think the Government has now come to the conclusion that variations in capital expenditure can have only a very slight effect in the short term and, with the resulting dislocation, they are not likely to produce any very great advantage.

Some time ago we had a high-power committee appointed under Lord Radcliffe to look into the working of our monetary system. They produced a very long report and voluminous minutes of evidence, but

*Based on a talk given at the Indian Institute of Public Administration, New Delhi, on 15th February, 1961.

my impression is that they did not produce many concrete recommendations that are going to be universally accepted.

In the process of economic regulation, one of the difficulties is that of obtaining up-to-date economic data on which to make decisions. We have in England a railway time-table called Bradshaw, and Mr. MacMillan, when he was Chancellor of the Exchequer, referred to this problem by saying that we seemed to be looking up last year's Bradshaw to catch a train tomorrow, and although efforts have been and are being made to get the required data as up-to-date as possible, this presents very real problems.

Closely related to the means of regulating the economy, is the question of economic forecasting. Economic forecasting has also caused us a good many problems in the past few years. When we had a Labour Government in the late 1940's, real efforts were made to plan the economy. These met with some disappointments, however, and when the Conservative Government came into power, planning did not have a very high reputation. Regardless of party political philosophies, all governments have to exercise some foresight, and a few years ago it was thought that we were going to be faced indefinitely with a serious shortage of fuel. We were digging up all the coal we could, even in pits that were running at a loss. The experts told us there would be a persistent shortage of oil, and we were encouraged to embark upon building some very expensive atomic energy electricity generating stations. The experts had noted the trends in fuel consumption. They had projected their charts and made the best assessments they could, and the conclusion they reached was that, for a very long time to come, supplies of fuel and energy of one sort or another would be a limiting factor in the national economy. And yet, about the year 1956, the whole situation seemed to change overnight. Coal became plentiful, and the world suddenly acquired a glut of oil. For several years now there has been a surfeit of fuel, and we are still constructing very expensive atomic energy stations as part of a plan that was originally developed when we feared a great fuel shortage.

I cannot escape the conclusion that there was a serious failure of prognostication here. In all administration, we have to make the best guesses we can, very often on inadequate information, but it does seem to me that in this matter of prophesying our fuel needs and resources, the forecasting machinery left a good deal to be desired. Does economic forecasting present particular problems in a mixed economy? Perhaps it does. On the other hand, I read that Mr. Khrushchev has had his problems in regard to Soviet agriculture. For my part I should not wish to call in question the need for economic planning, but

I do have in all honesty to say that so far as fuel forecasting was concerned, and this is quite an important part of the economy, we seem not to have done very well in Britain. I am inclined to think that economic forecasting in almost every country must produce a great many administrative problems.

The third administrative problem that comes to my mind, as I survey the British scene at this distance, is that of controlling the expenditure of the defence forces, and in particular for those projects which involve a large scientific content, such as the development of the Blue Streak rocket. Basically, of course, we live in a very difficult age from the administrative point of view. Scientific progress is leaping ahead at an enormous rate, and it is bound to play a tremendously important part in defence matters. The Ministers and administrators who have to take decisions on questions involving highly complex technical issues, often on the frontiers of scientific knowledge, are faced with the most unenviable task. Let me take just one example. How far should research be allowed to continue before production is put in hand? If you let research run on too long, you may at the critical point in time be lacking in the means of defence. If you start production too soon, you may possess weapons which have become obsolete when they need to be used. Finding just the right point in time at which to reach a decision is terribly difficult, and sometimes that decision may have to be taken to some extent in faith and hope, with some of the technical problems involved still unsolved.

II

Another perplexing problem in this area of government is how to control the scientists and the technicians, not in any sinister or narrow sense, but rather how to direct their efforts in order to get the best possible decisions. In Britain we have an Administrative Class which has a responsibility for advising Ministers, and ultimately, of course, the most tricky and important decisions have to be taken by Ministers themselves. Ministers are inevitably laymen. It is not unreasonable that they should have the assistance of a non-technical Administrative Class in order to analyse the problems which the Minister will want his attention drawn to, and to suggest the alternative policies which are worthy of his consideration. I think one has to ask the question whether in this modern technological age the Administrative Class, which was developed in the 19th century, has not reached the limit of its usefulness and whether we ought not to consider some new administrative method to deal with this kind of problem. I do no more than pose this question and, in posing it, I do not come down one side or the other. But it would be wrong to close our eyes to this problem.

The relationships between the general administrator and the scientist, between the scientist and the Minister create very difficult problems in this dynamic age. And, I venture to think that we may not yet have found the best possible solution to them in Great Britain.

From the lofty planes of science and the remote frontiers of knowledge let us descend to a more mundane matter, namely, the way in which civil servants' levels of pay are settled. Some years ago we had a Royal Commission on the Pay of Civil Servants, and this Royal Commission recommended the adoption of the policy of 'fair comparison'. This meant that Government servants should receive the same level of pay as that given outside the civil service for the same kind and quality of work. This principle of fair comparison, which was accepted by the Government, was thought to be right because, if properly applied, it should give satisfaction to the civil servant and should seem reasonable to the taxpayers who have to find the money. For the purpose of putting this principle into practice, two devices were adopted—one was the appointment of a Pay Research Unit to examine the levels of pay in jobs outside the civil service that could be regarded as comparable to those within the civil service; and the other was the setting up of an Advisory Committee of eminent men, including a number of distinguished business men, to advise the Government on the pay of the higher civil service. The second of these bodies does not meet very often, and changes in the remuneration of the higher civil servants are made only every few years. But the Pay Research Unit, which has to consider the pay of the great majority of civil servants, has been working continually for the past three or four years since it was established. It has been found, however, that its enquiries are so detailed, take so much time and result in such voluminous reports that they are not covering the ground as quickly as is desirable. Various grades of civil servants who want their claims looked at feel that they are kept waiting too long. Further, when eventually the reports on particular grades are produced, there is often a further delay in negotiating with the Treasury and a problem about the extent to which these settlements should be backdated.

This question has recently been considered by the National Whitley Council, and a new formula has been agreed whereby each year the pay of the Civil Service as a whole will be reviewed and, if it is found that wages generally outside the Civil Service have gone up to an appreciable extent, the question of a pay settlement for the Civil Service as a whole will be considered. The Pay Research Unit will continue to make investigations on particular grades, but these will be undertaken under a programme with the object of reviewing all the main grades of the Civil Service every five years. It will be seen, both

in regard to the recommendations of the Royal Commission some years ago and in regard to this latest development, that a real effort is being made to try and find a logical and objective basis for the settlement of civil servants' pay and to reduce to a minimum the argument and bargaining necessary between the staff associations and the Treasury. Since the report of the Royal Commission, there have been appreciable advances in Civil Service pay, especially in the higher grades which had previously suffered from inadequate adjustment following increases in the cost of living.

III

The essence of the public corporation, the instrument employed to run the nationalised industries in Britain, is that the corporation should be given freedom in day-to-day management and, in particular, it should not be subject to daily questioning in Parliament. In fact, Parliament when it authorised the establishment of these corporations was submitting itself to a self-denying ordinance to refrain from harassing the industries on day-to-day matters and giving them an opportunity to act like a private business. That was the theory, but Members of Parliament found it difficult to forego the right to keep an eye on the nationalised industries, and in the late 1940's it was suggested that there should be a Select Committee of the House of Commons on Nationalised Industries. Now, in Britain the House of Commons has comparatively few committees. It certainly contrasts very dramatically in this regard with the United States Congress, which does much of its work through committees. So, when it was suggested that there should be a Select Committee on Nationalised Industries, the suggestion represented a constitutional innovation of some importance, and successive Governments—both the Labour Government initially and subsequently the Conservative Government—opposed it. Pressure continued to come from certain Members of Parliament, however, and eventually a Committee was set up for one Parliamentary Session, that is for a year, to look into the various aspects of the relations between the nationalised industries and Parliament.

One of the things this temporary Select Committee was asked to do was to consider the desirability of having a permanent Committee. Evidence was taken on this, and at least one Chairman of a nationalised industry said it would be a good idea since it would give the nationalised industries a chance to make their problems and policies better known. He saw this Select Committee as having a public relations value. He had been a civil servant, and appearing before a Select Committee held no terrors for him. Others, however, such as

Sir Geoffrey Heyworth, Chairman of Unilever, who was a part-time member of the National Coal Board, seemed to get cold shivers down the spine at the prospect of having to appear before a Select Committee. He spoke of the terrors of "having someone breathing down your neck", and said that no business man could really run his business on those lines. There were thus these two schools of thought, but eventually Parliamentary pressure, or that of some Members of Parliament at any rate, prevailed, and the Government eventually gave way and a Select Committee was established. Incidentally the Committee was not given any special staff. They just have the Clerks of the House. The Select Committee has produced several reports now : one on the Scottish Electricity Boards; one on the National Coal Board; one on the airlines corporations; and another on the railways. The Reports which have been produced have, I think, been good. The first one was a little tentative, but the later ones have gone into the problems of these nationalised industries in considerable detail, and they have added substantially to the public knowledge of the basic problems of these industries and of the underlying policies they are following.

The Committee is very fortunate in having Sir Toby Low as Chairman. Sir Toby holds a number of important business appointments, and he has taken a particular interest in the work of the Committee. With another Chairman the Committee might not have done so well. However that may be, the establishment of the Select Committee on Nationalised Industries has been an important innovation and, I believe, a well worthwhile one. The House of Commons has, as a House, not perhaps made as much use of the Committee's reports as one might have expected. But the Reports are public documents, and can be quoted, in the press, in articles in *The Times*, in journals like the *Economist*, and I am quite sure that the Ministers responsible for the nationalised industries must take them seriously.

Britain has now had 10 to 15 years' experience of major nationalised industries. Before the War, when the public corporation was first developed, and later when it was adopted by the Labour Party as its chosen instrument for nationalization, there was a feeling that it would be a useful device for keeping the industries organised in this way out of politics. Indeed, when the London Passenger Transport Board was set up in the 1930's the members of the Board were appointed by appointing trustees, people like the President of the Institute of Chartered Accountants. They were not even appointed by the Minister, such was the desire to keep this body out of politics and to operate it as a purely business concern. Our more recent experience, since we have had very large public corporations, is that it is

exceedingly difficult to keep them out of politics. The industries that were nationalised after the War are so large that their efficiency or inefficiency, and the policies adopted in regard to their development have such an effect on the national economy that they are bound to be the subject of political argument and debate. Also, they not infrequently have to follow policies based on political rather than on business considerations. For example, I referred to the building of atomic power stations. The electricity industry, if it were merely considering its own business interests, might well have been reluctant to go ahead with these, certainly on the scale on which they are now being developed. But there is always the consideration that if Britain manages to get ahead with building atomic power stations for domestic purposes, then it might be well-placed to develop an export trade in this equipment. And so this consideration comes into the picture and the electricity industry has to consider the broader national interest as well as its own business interests. The same thing applies with airlines and the manufacturers of aircraft. Clearly the national airlines can help to develop British aircraft and that will be good for the aviation industry, but they may then be involved in considerations going beyond their own immediate self-interest.

In saying that the modern public corporation in Britain plays such an important part in the national economy that it cannot be excluded from politics, I am not suggesting for a moment that this situation is undesirable. It is right and proper that the Government should take the major decisions of policy in regard to these big industries. Also, it is appropriate that, if the Government has the responsibility for these policies, Parliament should have the opportunity to criticise those policy decisions. But the point must be made that our experience over the past 10 or 15 years has been somewhat different from the philosophy we developed before the War when we had only two or three public corporations and those making only a very small impact on the national economy.

IV

Turning to the field of local government, we have had here some interesting developments over the past few years. Our present system of local government is based on legislation passed in the latter part of the 19th century, and although the population has grown and the face of the country is, so to speak, vastly different from what it was 70-80 years ago, local authority boundaries have not greatly changed. Two or three years ago the Government set up several Commissions to review the local government arrangements in various parts of the

country. The major Commission was the one appointed to review London Government.

When a Royal Commission is set up on local government, one knows only too well what is going to happen. The associations representing the different types of local authorities come to give evidence and, without too much imagination, one could write the speeches that are going to be made before the Royal Commission by each of the associations. One knows that for the County Councils' Association there is nothing to compare to a county council. And the Association of Municipal Corporations, on the other hand, believes that there should be many more county boroughs and the areas administered by the county councils should be greatly diminished. All too often Commissions try to find a formula, the purpose of which seems to be to cause the minimum offence to all the contesting parties. This kind of evidence was duly submitted, as one would expect, and the interesting thing is that, when the Royal Commission on London Government came to report, they suggested a solution that was surprisingly radical.

The Commission proposed to abolish the London County Council as it is now constituted—an authority with major responsibilities covering an area including about $3\frac{1}{2}$ million people, and also the Middlesex County Council, another big County Council in the London area with $2\frac{1}{2}$ million people. They then suggested the setting up of a new Council covering a very much greater area of London, but with only quite limited responsibilities. Many of the boroughs within the London area would be amalgamated to form larger units to take over some of the functions previously performed by the county councils. In other words, it was proposed to maintain a two-tier system, with a very large authority responsible for a few services that must be planned for the whole of London, and within that authority about fifty boroughs having greater responsibilities than the much larger number of smaller boroughs now have.

We do not know whether the Government will agree to this or not. Certainly, this is a big decision for the Government to have to take. Administrative bodies do, of course, get personalities, and when you try to reduce their number you have a lot of vested interests to overcome. If you amalgamate three boroughs into one you are likely to have only about a third of the Council places you had before. So two-thirds of the existing Councillors will be against you. You are going to have one town clerk instead of three town clerks, and all the way through you are going to have one chief officer instead of three. The chances are, therefore, that most of the chief officers will be against the proposed reform. Although I would not say whether this particular plan is right in detail or not, I do hope the Government will be bold

and do something broadly along the lines the Royal Commission have proposed. London is a very different place from what it was sixty, seventy years ago, when the present system of local government was created. If local government is to retain vigour in Britain it must be flexible and resilient, and it must be ready to adapt itself to the social and economic changes which take place down the years.

While speaking of local government I should mention a problem which is not a matter so much of administration perhaps as of basic economics. The local authorities in Britain have powers to build houses to let. They do not have a monopoly in this, and private firms can do the same, but something like half of the houses built in Britain at the present time are built by the local authorities. We support a population of some fifty million in a very small island, and a great many local authorities are now finding that they do not have any more vacant land in their areas on which to build houses. With this shortage of land in our cities, a shortage which is accentuated by the desire not to allow our big cities to spread out too far into the surrounding countryside, it will become essential in the next decade or two to undertake substantial re-development of our city centres, and to replace the buildings which have become obsolete. In other words, the provision of housing is going to become a much more intricate business. Instead of taking a piece of open farm land and putting up houses on it, we shall have to decide which part of the old city is going to be pulled down, how it is going to be replanned, what kinds of buildings are to be allowed on it, and so on. And, this is going to lead to quite a number of complex administrative as well as social problems.

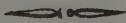
V

Finally, may I mention the administrative problems we are experiencing partly because of full employment, and partly because of the growth in the size of administrative units in public and private enterprise. Full employment is to some of us in Britain a post-War phenomenon, but if we take our minds back to the 1930's, during the period of world depression, we had then an average of ten per cent of the population unemployed. Since the War the unemployment figure has been mainly between one per cent and two per cent.

Up to, say, 30 years ago the Government was one of the relatively few big employers in the country. But, with economic growth and the amalgamations of companies, we now have in modern Britain a good many companies employing very large staffs. Moreover, the state itself has created big administrative units like the National Coal Board and the Electricity Boards, where previously there were many

smaller units. These two factors have a considerable impact on public administration. First, security of employment becomes much less important as a condition of service. It becomes much less attractive to go into a public service in a period of full employment than it does in a period of depression, and so the public services do not have the pull upon university graduates or secondary school leavers that they had in the 1930's. The public services have had to engage in publicity for recruitment in a way that would have been unthinkable before the War. Then the big industries find that they can make use of, and indeed need, the kinds of people who previously found their main opportunities for employment in Government and administration. One finds big companies like ICI and Unilever wishing to take on graduates in the liberal arts as management trainees in the same way as they have been taken on by the Government down the years as administrative cadets. So, for these two reasons, one because big business has tended to emulate the Government's recruitment policies and, second, because there is this tremendous competition for staff as a result of full employment, the public authorities in Britain are not finding it nearly so easy now to maintain the high quality of staffing that they have been accustomed to in the past. These factors have their effects on the lower grades as well. When we get a boom in the motor industry, for example, we find that the workmen who might ordinarily seek employment in the local bus service or the local post office flock to the motor factories to earn the high rates of pay that are available there. When there is a recession in the motor industry they come back to the post office and the bus service.

The difficulties of staff recruitment do, of course, give an impetus to techniques such as O & M and work study which help to improve the efficiency of the organisation and to make the best use of the staff that are available. It can no doubt be argued in consequence that difficulties in getting the right kinds of people are a healthy spur to efficiency. It may be that in the past the public services in Britain have had more than their fair share of the talent produced by the schools and the universities. It may also be that, if the state is to prosper economically, a good proportion of the available talent should go into industry and commerce rather than into the Government machine. However that may be, the Government is certainly now having to exert itself very hard to see that it gets its fair share for the future.



SELECTED ASPECTS OF AMERICAN PUBLIC ADMINISTRATION*

Eugene P. Dvorin

AS a visitor to your country and university I regret that my sojourn in India will, within a few weeks, come to an end. As I pack up my books and gather my notes I wonder what will remain, ten or fifteen years hence, as the most lasting impression of this experience. While looking into the future is always hazardous, certainly an increased understanding and sensitivity to your ancient history and culture will be a dominant theme in my recollections. Only last evening I read in Professor G.B. Gokhale's volume "Ancient India" that "the probability cannot be ruled out that man learned to walk erect on the Indian soil itself." As a student of government I was deeply impressed by Professor N.N. Law's study "Aspects of Ancient Indian Polity". Here is found well-documented evidence of great insight into the administrative process by ancient Hindu writers and scholars. The chapters on the importance of proper education and training for the responsibilities of ruling and the carefully prescribed daily routine of the ancient kings deserve to be read alongside the "Republic" of Plato and the Confucian essays relating to the administrative process. In these very early times the State was recognized as having to meet certain indispensable requirements—in the words of Professor Law "providing for the deliberation of State questions and assistance to the sovereign, both secular and spiritual, for his personal safety and convenience, for the administration of justice in the country, for its internal peace and external security, for the collection of State-dues and their application, and lastly for the supply of material needs of the people by the exploitation of its natural resources, by manufactures, commerce and industries." (p. 88)

Such a description fits well the fundamental responsibilities of the modern nation-state. In fact I doubt if this description can be improved. It thus becomes evident that administrative problems facing harassed administrators today differ only slightly from the issues facing officials and monarchs of the world's early civilizations. Although this may be of little comfort in the very practical work-a-day world of public administration it does fuse ancient and modern administrators into a common fraternity and a profession as old as recorded

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social history. Americans lack a sense of ancient historical tradition as a people and a body politic. Hence, American administrators are prone to overlook these early roots of their profession. Consequently, American public administration is, intellectually, a product of the nineteenth and twentieth centuries. I would like to trace a few selected threads of its content with you this evening.

In order to understand developments and trends in American public administration it is requisite to briefly examine the background and mileaux out of which our system of public administration has emerged. American public administration has been moulded and shaped to meet unique American conditions and needs; therefore, generous proportions of its content are not readily exportable. Foreigners studying our system of government must be able to perceptively evaluate the conditions of their own cultures and the basic assumptions, both written and unwritten, of their own governmental complex and, on this basis exercise judicious selectivity in attempting to transplant American administrative philosophy or techniques to foreign soil.

II

American governmental administration has been shaped to a considerable degree by the written constitutional document of 1787 and the later emergence of political parties. Paradoxically, our federal Constitution is silent on the subject of political parties. Thus, much of our governmental system can only be understood outside the clauses and provisions of the Constitution itself. This must necessarily be so when a vast nation is governed by a fundamental written document scarcely twelve printed pages in length. I ask you to compare this to the length of the modern federal constitutions of other nations—including that of India. I might add that the Constitution of my own state of California runs closer to 300 pages in length. An essential characteristic of our federal administrative system becomes immediately apparent, *i.e.*, the constitution provides only the barest skeleton and, therefore, little insight into the actual workings of American public administration. However, even bare skeletons, like the foundations of tall buildings are indispensable. The Constitution determined that :

(1) All three branches of government are subject to law. Even the President, as the Chief Executive, is subject to impeachment.

(2) The executive branch, though separable in its functions and responsibilities from the legislative and judicial branches, is not absolutely separable, but, rather, closely co-ordinated with them.

(3) Diversity instead of uniformity is to characterise American public administration. This is the natural consequence of the lack of concern by the Founding Fathers with the organisational or structural aspects of the executive branch. The determination that those powers not specifically designated to federal authorities or "necessary and proper" in order to exercise the designated powers, shall remain with the states or the people meant that the states retained wide areas of exclusive jurisdiction. In addition, the states are free to carry out their respective wills as they individually deem appropriate to the degree that there is no conflict with federal authority.

The early determination by Alexander Hamilton that the federal government was to be a vigorous government and master of its own house had very great consequences for our administrative system—for it meant that each level of government (federal and state and, by implication, local government) was to be administered by its own corps of officers together with its own system of courts and jails and prisons. One is, therefore, able to appreciate the lack of dependence by administrative officials representing one level of government on officials of any other level of government. This important principle of American government becomes blurred, however, in state-local relationships for it is a basic tenet of American municipal law that, in the absence of state constitutional restrictions upon the powers of the State legislature, municipal corporations are the creatures of, and subject to, the absolute authority of the state government. Nevertheless, since 1900 the trend has been steadily toward increasing the legislative and administrative powers of local government. Thus, many local civil services are operating in relative freedom from state control.

III

I believe that we may now pass from constitutional considerations to other salient aspects of the American administrative system.

In historical perspective American public administration has not been characterised by orderly growth or a constant rate of progress. Rather, its evolution has been cyclical in the sense of alternating high points and low points in technical efficiency and official morality. The high level of recruitment and standards of service introduced by George Washington and his successor Thomas Jefferson were in direct contrast to the nepotism and supply scandals of the British Government and the low state of the French administrative system at that time. Yet, there was much in early American administration that smacked of elitism in so far as education, competence, character and personal reputation were determining factors in the selection process. By the time

Andrew Jackson was elected President the grass-roots equalitarianism of the expanding western frontier with its harsh pioneering environment helped produce a national sentiment which regarded a fundamental reorientation of the public service as overdue. Interestingly, the Athenian democracy of classical times offered a partial model to be followed. Jackson in his inaugural address stressed several far-reaching changes in federal administration :

- (1) public office was not to be regarded as a species of private property (as large numbers of people felt to be the case under the previous administration);
- (2) frequent rotation in office was to assure that the maximum number of citizens would participate in administration and government service;
- (3) the Athenian theory of "happy versatility"— *i.e.*, that there are few positions in government but are so simple that any person of average mind could satisfactorily carry out their responsibilities, became the underlying rationale of the new approach.

It should be noted that the above points fitted in well with the increased role of broadly based political parties. The times were such that the demands of mass democracy had to be met and assuaged. Unfortunately, the long-range consequences were to destroy the embryonic career concept of government service, to replace tenure with political appointment as reward for faithful service to the victorious party, and, to virtually destroy the morale, prestige and *esprit d'corps* of the public service on all levels of government. Today, American public administration is still suffering from the effects of this philosophy.

If it is true that a nation's administrative system reflects the needs of the society it serves then it was indeed inevitable that a reaction to the Jacksonian concept of public service would emerge. Following our tragic civil war the needs of American society were undergoing rapid transformation. America was changing from a rural-agricultural society to an urbanized highly industrialised and commercial society. No longer could essential government services provided by amateurs in administration meet the needs of people living in close proximity to each other in compact areas. This was the beginning of the era of the expert in American public administration. The specialist in public health, in civil engineering, in the provision of electricity and gas, in agricultural and industrial research, and the regulation of vast areas of the American economy, including rate-making for common carriers in inter-state commerce, was the man of the hour. No longer

could party loyalty and contributions to the party treasury equip one with the knowledge necessary to meet the stresses of the new era. The assassination of President Garfield by a frustrated office-seeker solidified public opinion on the need for reform of the public service along lines in which competence would once again be the primary basis for recruitment. The result was the Civil Service Act of 1883. This Act marks the "watershed" in American public administration. From this time forward merit as evidenced by open competitive examination became the requisite for entry into the career federal public service. To a degree this concept of public service filtered down to the state and local level. Still, the tradition of rotation and party spoils is today very much a part of the American scene as most states and their local political subdivisions do not have career systems based upon merit principles. However, some states such as California and New York have merit systems equalling that of the federal government in both breadth of coverage and quality of personnel. Once again, diversity rather than uniformity is characteristic of our system.

IV

It may be said that American public administration as a separate field of academic study and research owes its birthright to Woodrow Wilson, a political scientist at Princeton University and, later, destined to become President of the United States. Wilson in 1887 wrote a classic essay in a journal of political science in which he pointed out that the basic constitutional issues of the American system, *i.e.*, "What are the laws to be?" and "Who will make the laws?" had already been settled in large measure. The crucial question, Wilson wrote, that must now be dealt with was "How are these laws to be administered or executed." Wilson pointed out that European doctors and professors were far ahead in developing a "science of Administration". Yet, he warned, their work while significant was based wholly upon the conditions existent in Europe. If American professors were to develop a science of administration it had to be patterned to the American Constitution and American experience. This call to action was a noteworthy contribution to the literature of American government and administration for it contained several significant points :

- (1) the assumption that execution of the Constitution was of equal importance to the drafting of the Constitution; administration was no longer a peripheral matter to be left to subordinate clerks and minions;
- (2) American professors would do well to examine the state of the academic study of administration in other countries.

This foresaw the later growth of comparative public administration in American colleges and universities;

- (3) a true "Science" of administration was both possible and feasible; and
- (4) administration and politics (or policy-making) were separate and to be isolated from each other.

These propositions have greatly shaped and influenced American administration although the two latter propositions are not accepted by most authorities today. It should be borne in mind that at the time of Wilson's essay the scientific management movement in private industry was underway. Inspired by the work of Frederick W. Taylor this school of management placed emphasis upon the compilation and evaluation of measurement data; hence, its principal tools were the flow-process chart, the tape measure and the stop-watch. The basic credo of scientific management was to find the "one best way" to increase productivity. In other words, the secret of successful management was to find the proper physical position or relationship of the labourer to his machine and materials. Here the emphasis was upon mathematics and the laws of mechanics; physical lay-out was of prime importance and within this lay-out each labourer had one best location in the production process. Top management and middle management were ignored as not even worthy of consideration. The rationale and techniques of scientific management were spread throughout the world and, in a very real sense, constitute America's contribution to administrative theory and practice.

In 1908-9 a young attorney named Louis D. Brandeis, later to become a most distinguished Justice of the U.S. Supreme Court, gave testimony before the Interstate Commerce Commission on the problem of fixing railroad rates. In representing shippers opposed to an increase in railroad freight rates, Brandeis emphasized with statistics, charts and diagrams that exclusive emphasis upon the rank-and-file labourer improperly assumed that management was of minor importance. Rejecting this assumption, he reached the conclusion that with proper investigation of management it would be found that the principles of scientific management could fruitfully be applied to the purchasing processes, the accounting processes, the inventory processes and so forth. Brandeis estimated that the railroads could save the sum of one million dollars per day and, with these astronomical savings, could well-afford to forego the increase in rates they had requested. This testimony received nation-wide publicity and marked the emergence of genuine concern for improving the managerial processes as an integral part of the total production process. By 1912 the scientific management movement had entered the federal government's

departments and agencies following recommendations of President Taft's Commission on Governmental Efficiency and Economy. Today, the position of the administrative analyst or, as he is frequently referred to, the "Organisation and Methods Analyst" on all levels of American government is a direct consequence of the scientific management movement.

In scientific management's rationale that there are certain principles of administration or management similar to the immutable laws of mechanics which need only be discovered and then applied, the individual *per se*, aside from his relationship to the physical environment, is of little consequence. It is merely assumed that man will react automatically and in a predetermined manner and, further, that one man will react in the identical manner to another man. Thus, carried to its logical conclusion, the individual becomes an anonymous unit or cipher in a mathematical formula or equation.

From the period of Woodrow Wilson's essay through the first two decades of the twentieth century the academic study of public administration was entirely within the context of public law. The Johns Hopkins University was the mecca of those who seriously undertook the study of administration at this time. Essentially, the student was supposed to gain an insight into the administrative process through the intensive study of cases in constitutional and administrative law. This approach was highly abstract and theoretical and differed sharply from the pragmatic data and methodology of scientific management. In 1924 Professor Leonard D. White published his "Introduction to Public Administration". This was the first American textbook in the field and Professor White occupied the first Chair in Public Administration in the U.S. at the University of Chicago. In the preface to his pioneering volume Professor White paid great deference to the earlier essay of Wilson and regarded his own labours as merely an extension of the groundwork laid by Wilson. In placing great stress on the formal organizational structure and the contributions of the scientific management approach to administration Professor White, in effect, wrote the death-warrant of the public law approach to the subject. White's influence and prestige were the dominant themes of academic study and, of the hundreds of future professors who passed through the courses in public administration at colleges and universities, few challenged the basic assumptions of Wilson, White and the scientific management movement. This absence of critical analysis was based upon the fact that American professors of administration were secure in their knowledge of having discovered the universal laws or principles of the administrative process. Such an outlook contrasted

with the modesty of the physical scientists in their continued quest for truth and a deeper understanding of the laws of nature.

World War II proved to be a period of intellectual criticism and discontent. The previous serenity was shattered by a groundswell of dissatisfaction with administrative orthodoxy. As the professors of administration left their classrooms for the armed services or governmental administration in the numerous war-time boards and agencies it became increasingly apparent to them that the traditional doctrine of American public administration as espoused in the classroom had left much unsaid and much unanswered. Orthodoxy did not accord fully with reality and administration in practice. In essence, the exceptions to the principles of administration were of sufficient numbers to constitute a challenge to the validity of the principles themselves.

At its core the discontent with orthodoxy lay in the refusal of the traditionalists to give adequate weight, if indeed any at all, for the "human element" in the administrative process. The formal academic study of administration comprised courses in budgeting and finance, organization and management, planning, administrative law, report writing, American government, and personnel administration. *In toto* the emphasis was upon, what the discontented felt to be, form rather than substance. For example, one might successfully complete a course in personnel administration including the techniques of position and wage classification, selection, probation, training, retirement systems and so forth. The role of the individual employee from the viewpoint of his decision-making processes, his influence and his morale was generally outside the pale of intensive consideration. The employee was merely assumed to react mechanically according to his position in the hierarchy of the organization *i.e.*, he automatically took orders from his legal superior and passed them down to his subordinates. However, the importance of morale, problems of intra-group influence, leadership amongst one's own comrades, and, the role of the small group within a larger organization were factors of paramount importance in both war production and military operation. The conclusion had to be reached, therefore, that if current administrative theory did not account for and explain these phenomena—so much the worse for theory. It would have to be replaced by more comprehensive doctrine—doctrine that emphasized the internal aspect of man's behaviour as well as his relationship to physical environment.

In 1927 Professor Harold Lasswell, a political scientist, authored a volume titled "Psychopathology and Politics". In this study Professor Lasswell presented a series of case histories of particular individuals engaged in governmental administration. The data

presented was derived from intensive psycho-analysis of these individuals. Lasswell's analysis of the data collected was based upon the work of Sigmund Freud. Utilizing the Freudian technique of interpreting psycho-analytic data through the framework of basic drives or urges emanating from the subconscious sphere of human nature, Lasswell was able to conclude that the "administrative behaviour" as expressed in the decisions and overt behaviour of these individual administrators was based in large part upon the non-rational element of the psyche. The writing of another American, Mary Parker Follett, had a great impact in the field of business administration and organization. Miss Follett was at least a generation ahead of her time in emphasizing the importance of *gestalt* psychology in any consideration of man and his organizational environment. Her work was especially well-received in England among those interested in developing administrative theory.

It was not until the emergence of discontent with traditional administrative theory that the total impact of the successive contributions of Freud, Lasswell and Follett fully intruded into the American study of public administration. Professor Herbert Simon's volume titled "Administrative Behaviour" personified the directions post-war administrative theory was taking and may possibly be the most significant essay in American administrative theory in the past two decades. Simon pointed out the need for recognizing the non-logical and irrational nature of administrative behaviour and stressed the need for a complete new vocabulary to define and describe the human nature of the administrative process. Today, the names of Freud, Lasswell, Follett and Simon are commonplace in course on governmental administration as many American professors have made the fundamental shift from an external mechanistic view of administration to one which is intensely human. The implications of this so-called "behavioural" approach are :

- (1) The crux or very essence of administration is the process by which decisions are arrived at. Hence, those factors shaping the individual personality are the subjects of intensive investigation. Further, the interaction of individuals upon each other in their primary working groups is examined.
- (2) Legal authority setting forth superior-subordinate relationships and defining one's responsibilities and privileges in the hierarchy may differ from the actual exercise and acceptance of such responsibilities and privileges in practice.
- (3) Politics (defined as "policy-making") and administration cannot be isolated from one another on the Wilsonian

pattern. Just as the individual cannot escape making decisions in his administrative capacity so the policy of the legislative body cannot escape being shaped by those decisions in the process of its being executed. Professor Paul Appleby in his study "Policy and Administration" effectively laid to rest the orthodox dichotomy between policy and execution.

- (4) The policy-making nature of the administrative process has, in fact, been recognised in the American constitutional provisions and customary usages whereby the chief executives on the federal, state and local levels of government are allocated large areas of discretionary and policy-making authority. The widespread use of the "executive budget" in replacing the "legislative budget", the responsibility for formulating goals and programmes, and, the necessity of delegating power to subordinates and staff agencies are but a few examples.
- (5) The study of the administrative process, being centred upon man himself, requires that the student of administration utilize a laboratory no less encompassing than society itself. Thus, the student of the administrative process must drink heavily from the honey-jugs of anthropology, economics, sociology, psychology and philosophy as well as political science. Narrow training in the "mechanical" aspects of administration will no longer suffice.

V

In conclusion, it might be worth noting that one of the most dynamic areas of contemporary American public administration is the post-war development of foreign aid and assistance programmes and projects. Here the United States has pioneered and through the costly, but, seemingly inevitable, trial-and-error method, has now the advantage of a vast reservoir of experience and techniques as well as a cadre of qualified personnel. This, in its turn, has stimulated interest in our colleges and universities in the administrative systems of other nations. Most established degree programmes in public administration in the United States now include course offerings in the field of "comparative administration". Although the content of such courses may vary from institution to institution the general orientation of the field is to analyze by comparative methodology the administrative processes and techniques of selected major foreign nations in contrast to those of the United States. Such exposure leads to an

appreciation of the differing cultures and social institutions of other countries and the fact that no one system or approach to governmental administration is universally relevant or possible.

A few institutions of higher learning in the United States are now offering degree programmes in "international administration" with the objective of training persons for service with the United Nations and other international agencies, or, with American private foundations in their overseas programmes. Such curricula are usually organized upon the foundations of international economics, comparative business systems, cultural geography, foreign language, and field work in a specific overseas region. The growth and proliferation of programmes in comparative and international administration together with the growth of separate programmes in other areas of administration such as fire administration, police administration, urban renewal administration, etc., raises, for the academician, certain crucial questions as to the amount of fragmentation within the discipline that is desirable. At present, authorities in the U.S. differ widely on this question and a detailed presentation of the diverse factors involved would include consideration of the orientation and trends of American higher education itself. Such a topic, though challenging, is well beyond the original scope of this address.



"The search for the quick, the black-and-white answer seems to be an eternal temptation of the immature, the man or nation that is in too much of a hurry: and this . . . is not without relevance to the problem of policy-making, and of taking central or seminal decisions, in industry and in international affairs."

—T. R. HENN

*(Science and Poetry: substance of a lecture delivered
at Halfeld Technical College, May 12, 1961
in "Nature", August 5, '61)*

THE CONTROL OF PUBLIC EXPENDITURE IN FRANCE

A. N. Biswas

THE operation of financial transactions in France is based on the principle of separation of functions between the 'Ordonnateur' and the 'Comptable'.¹ The 'Ordonnateur' is the head of the administrative unit who orders the collection of receipts and the disbursement of expenses. He is assisted in the discharge of his duties by another administrative official, the Chef du Bureau des Finances, who is called the Ordonnateur-delegate.

The 'Comptable' is the official who has the triple functions of the Cashier, the tax collector, and the accountant. He plays an important role in the financial administration and has to perform the following duties : (1) Custody of cash; (2) Collection of taxes; (3) Control of the budget of local authorities; (4) Payment of public expenditure (wages, pensions etc.); (5) Selling of Treasury Bonds and State loans; and (6) Accounting of the financial transactions. The head of the financial unit in the 'departement' is the Tresorier Payeur General who has below him at the canton level the *Tresorerie Principale*, *Recette Perception* and *Perception*.² These Comptables, as they are called, are controlled by a bureau of the Ministry of Finance—Direction de la Comptabilite Publique. There are at present nearly 4,000 Comptables in France. It is a fundamental principle in French Law that the Ordonnateur, even if he commits serious financial irregularities, cannot be asked to indemnify the actual financial losses. However, in the case of the Comptable he has a personal responsibility in all financial transactions and he has to make good all losses. In order to make that obligation guaranteed he has to deposit an earnest money and to register a legal mortgage of his properties in favour of the State. There are three kinds of Comptables³:

(a) *Comptables en titre* are statutorily qualified to execute in the name of the government or commune or public institutions the operations of receipts and expenditure or to handle money directly or

1. Cent-Cinquantenaire de la Cour des Comptes, Imprimerie Nationale, Paris, p. 75.

2. L'activite des services du Tresor Public (1958). Ministere des Finances, Direction de la Comptabilite Publique, Paris, pp. 4-5.

3. M.A. Saramite et M.J. Hamelin: Les Controles Exerces par la Cour des Comptes, Paris, pp. 21-25.

by book adjustment or through other public accountants whose activities are watched by them.

(b) *Comptables de fait* exercise in fact the functions of the accountants without being qualified for the same. They may also be such officials who do not officiate in the capacity of accountants.

(c) *Comptables exceptionnels* are those officials who are fulfilling temporarily the functions of accountants due to certain special circumstances.

Since the Comptable is required to indemnify all losses, he has the right to refuse any payment against an order issued by the Ordonnateur if he considers such payment as not in conformity with the Law.⁴ In such cases the Ordonnateur may exercise what is known as his 'power of requisition' and order again in writing the Comptable to make the payment. Then the latter is obliged to make the payment, but in such a case the Ordonnateur and not the Comptable is personally responsible for all consequences. The financial operations are recorded in two sets of accounts—*Comptes administratif* prepared by the Bureau des Finances of the Ordonnateur and *Comptes de gestion* prepared by the Comptable.

II

The control of public expenditure is exercised by the following institutions and agencies : (1) Ministry of Finance, (2) Cour des Comptes (Audit Court), (3) Commission de Verification des Comptes des Entreprises Publiques (Commission of Verification of the accounts of the Public Enterprises), (4) Cour de Discipline Budgetaire (Court of Budgetary Discipline), and (5) Comite Central d'Enquete Sur le Cout et le Rendement des Services Publics (Central Committee of enquiry on the cost and the benefit of the public services).

(1) MINISTRY OF FINANCE (MINISTERE DES FINANCES)

The Ministry of Finance plays a vital role in the financial administration. It is the centre of all financial activities of the State. In the system of national finance the control of public expenditure is exercised by the following main divisions of the Ministry,⁵ namely, Inspection Generale des Finances, Direction du Budget, Direction du Tresor and Direction de la Comptabilite Publique. The last Directorate⁶ has the control over all Comptables who carry out the

4. Cent-Cinquantenaire de la Cour des Comptes, Imprimerie Nationale, Paris, pp. 78-79.

5. Organisation du Ministere des Finances, Republique Francaise, Paris, pp. 8-11.

6. Le Ministere des Finances, ses attributions et son organisation: Organigrammes des Directions de l' Administration Centrale des Finances et des Directions Generales des Administrations Financieres, p.1.

instructions of the Ministry and are answerable directly to it for all financial transactions. But estimates are prepared by the Ministry. Treasury control is very effective during the execution of the budget. There are financial controllers (*Contrôleurs financiers*)⁷ appointed by the Finance Ministry in each administrative ministry and they conduct preventive control over public expenditure. No payment can be made without the specific approval of the financial controller in the form of a 'visa'. Apart from the financial controllers there is in each administrative department a controlling body known as '*Corps de contrôle*'⁸ whose reports on the execution of the budget are carefully scrutinised by the Ministry of Finance. After the execution of the budget the Direction de la Comptabilité Publique has the responsibility to check the accounts submitted by the Comptables and to prepare the appropriation accounts. Therefore, Treasury control operates at three levels: during the preparation of the budget and the execution of the budget, and after the execution of the budget. In short both preventive and repressive controls over public expenditure are exercised by the Ministry of Finance.

(2) COUR DES COMPTES

The Cour des Comptes (Audit Court) is an old institution in France. It was created by the Law of September 16, 1807,⁹ under the patronage of Napoleon. The latter reinforced the jurisdictional character of the Court and stressed on the importance of the role of the Court by his solemn declaration¹⁰:

"I want by an active surveillance the infidelity to be repressed and the legal use of public funds to be guaranteed" (*Je veux que une surveillance active l'infidelite soit reprimée et l'emploi legal des fonds publics garanti*). The court was provided with the prerogatives required to preserve its prestige. The French Constitution¹¹ provides that the Cour des Comptes shall assist the Parliament and the Government in supervising the implementation of the finance laws.

The Cour des Comptes is a judicial court and is independent of the Executive and the Parliament. It consists of nearly 200 officials and is presided over by the *Premier President*. The latter is chosen by the President of the Republic in consultation with the Council of

7. M.A. Saramite et M.J. Hamelin: *Les Contrôles Exercés par la Cour des comptes*, Paris, pp.11-15.

8. Ministère des Finances, Direction du Personnel et du Matériel, Formation Professionnelle, Paris.

9. LOI relative à l'Organisation de la Cour des Comptes du, 16 Septembre 1807, (No. 2792).

10. DECRET IMPERIAL contenant Organisation de la Cour des Comptes, le 28 Septembre 1807, (No. 2801).

11. Constitution de la République Française (1958); Article 47, p.41.

Ministers and cannot be removed from office. There are five chambers of the court each presided over by a *President de chambre*. There are other officials of the court, namely, the *Conseillers Maitres*, *Conseillers Referendaires* and *Auditeurs* who are called 'Magistrats'.¹² The age of retirement for all officers including the *Premier President* and the *Presidents de Chambre* is 70. In court sessions all decisions are made by majority vote. Like the criminal courts the Cour des Comptes has the 'Parquet'¹³ which is headed by the *Procureur General*. As the '*ministere public*' he introduces the prosecutions, follows them, and provides for the execution of 'arrets' (Court orders)¹⁴. He is assisted by two *avocats general*. His responsibility is to ensure that the public accounts are received and audited regularly.

The Cour des Comptes is a financial court and conducts judicial settlement of public accounts. Since its creation it has undergone a long evolution and has established itself as a controlling authority over the financial operations of the country at two stages¹⁵: control during the execution of the budget and control after the execution of the budget. During the operation of the budget the Cour des Comptes exercises financial control by examining the reports of the financial controllers (*Controleurs financiers*) and the '*corps de controle*' which are forwarded to it by the Ministry of Finance.

The Cour des Comptes is the only competent authority to pronounce judgment on the accounts of the government after the execution of the budget. According to the Law of 4th April, 1941,¹⁶ all the Comptables dealing with public funds are responsible to the court subject to certain exceptions provided by the Law. The court is competent to issue a ruling on the accounts of the Government departments and national public institutions except those which are checked by the Commission for the verification of the accounts of public enterprises (Commission de Verification des Comptes des Entreprises Publiques). However, the accounts of such institutions whose activities are mainly of administrative nature are also scrutinised by the Cour des Comptes concurrently with the Commission.

The jurisdictional competence of the court is exclusive in respect of all 'departements' and public institutions (*etablissements publics*) within the 'departments'. The court also exercises directly its control

12. Note sur la Cour des Comptes, Paris, avril 1951, pp. 6-7.

13. Cent-Cinquantenaire de la Cour des Comptes, Imprimerie Nationale, Paris, pp. 84-87.

14. Recueil Periodique d'Information (Premiere et Deuxieme Partie), Commission de Documentation, Cour des Comptes, Paris.

15. M.A. Saramite et M.J. Hamelin: Les Contrôles Exercés para la Cour des Comptes, Paris, pp. 16-20.

16. LOI du 4 avril 1941, sur la cour des comptes et sur le controle des comptables publics (Journal Officiel du 28 mai 1941).

over the accounts of the most important 'communes'. The *Tresoriers Payeurs Generaux* having a delegation from the Cour des Comptes audit the accounts of other Communes according to the instructions of the court so long as the receipts of these Communes do not exceed certain amount. However, the court has the competence to re-examine the accounts normally submitted to the audit of the *Tresoriers Payeurs Generaux*. The latter are required to send every year to the court general reports in which they explain their views on the financial operations of the Communes whose accounts have been audited and approved by them irrespective of the fact as to whether these operations are due to the Comptables or the Ordonnateurs. These reports contain particularly the remarks on the points on which the court would have requested the Ministry of Finance to get them specially verified by the *Tresoriers Payeurs Generaux*. These reports are accompanied with statements of decisions taken by the latter on the accounts submitted for their verification. Such reports are examined in the court by a Committee of *Tresoriers Payeurs Generaux* for their future guidance. Every year the Cour des Comptes sends instructions to them indicating the points on which they should concentrate their verification.

At present the Law requires that the operations of the Comptables only and not those of the Ordonnateurs should be scrutinised by the Cour des Comptes.¹⁷ Even in the case of Comptables the Court is empowered to issue a ruling on their accounts only; it is not competent to measure their responsibility. It is up to the Ministry of Finance to do it under the control of the Conseil d'Etat which is the highest administrative tribunal. As regards the responsibilities of the Ordonnateurs there is a separate court, namely, the Cour de Discipline Budgetaire, which is competent to take any decision. From the jurisdictional point of view the Cour des Comptes plays a triple role:

(1) It fixes the receipts, the expenditures and the balance of each financial year.

(2) In the case of errors or mistakes committed by the Comptable in his dual duties of cashier and officer giving initials (*visa*) on the documents relating to receipts and expenditures, it enjoins him to compensate the loss by refunding the concerned amount.

(3) It sentences, if necessary, to a fine the Comptables '*de fait*' for having interfered with the handling of moneys without having the title to it, and the Comptables '*en titre*' as well as the Comptables '*de fait*' for delays due to their negligence.

17. Cent-Cinquantenaire de la Cour des Comptes, Imprimerie Nationale, Paris, pp. 88-89.

The decision of the Cour des Comptes is in the form of an '*arret*' or court order. The '*arret*' of the Court known as '*arret de decharge*' is passed only after it has verified that the balance has been credited to the accounts of the next period. This *arret* alone will discharge the Comptables from the responsibilities for the operations during the financial year. In case the Comptable has to leave his post due to retirement, resignation or change of service the court issues another *arret* called '*arret de quitus*' which will clear the mortgaged registration made against him in favour of the government, and also the right to recover his earnest money. In case of controversies the accounts audited by the *Tresoriers Payeurs Generaux* are brought in appeal before the Cour des Comptes. Similarly, appeals can be preferred against the *arrets* of the court either before the meetings of the Chambers of the Cour des Comptes or the Conseil d'Etat.

The duties of the Cour des Comptes enable it to exercise a superior financial control. In the case of the '*departement*' and '*commune*' the administrative accounts (*Comptes administratif*) are sent to the Cour des Comptes in support of the accounts prepared by the Comptables (*Comptes de gestion*). The two sets of accounts are scrutinised by the court which issues a declaration (*declaration general conformite*) certifying their conformity. Moreover, under the accounting system (*comptabilite administratif*) instituted by the '*decrets*' of 1st November, 1936 all vouchers relating to payments and repayment orders together with their justification are forwarded every three months for scrutiny to the Cour des Comptes by the Ministries through the Direction de la Comptabilite Publique. By means of this verification the court may pass injunction orders on the *Tresoriers Payerurs Generaux* without waiting for the receipt of their accounts. At a later date the court verifies the operations relating to the handling of cash (*operation de caisse*) by making a judicial settlement of the accounts of the Comptables. In other words, in the first stage the Cour des Comptes makes its verification by means of control on the actual use of credits. In the second stage it ensures the regularity of payments by exercising its judicial control over public accounts.

The above procedure is followed for auditing the accounts prepared by the '*departements*' and the '*communes*'. In respect of the two sets of accounts the final auditing is completed with the passing of the '*arrets*' (court orders) by the Cour des Comptes. However, the work of the court does not come to an end with the '*arrets*'. The general accounts of the various ministries are centralised by the Ministry of Finance which prepares a general statement on the state of accounts. This statement is submitted to a commission known as the '*Commission de Verification des Comptes des Ministeres*' consisting

of a *President de Chambre* of the *Cour des Comptes* as President, two *Conseillers-Maitres*, two Inspectors of Finance and one *Conseiller R ferendaire*. The above commission closes on the 31st December the 'Journal' and the 'Grand Livre de la Comptabilite generale des Finances' and ensure as to whether their figures tally with those furnished by the various ministries.

Thus the *Cour des Comptes* is placed before two kinds of fiscal documents : On the one hand, the individual accounts of the *Comptables* and the *Ordonnateurs*, and on the other hand the general accounts attested by the above commission. The court has to make two declarations as follows¹⁸ :

Declaration d'annee : The court has to see that the general accounts prepared by the Ministry of Finance are in conformity with the 'arrets' passed by it in respect of the accounts of the *Comptables*.

Declaration d'exercice : The court has to see that the accounts prepared by the various ministries tally with the general accounts of the Ministry of Finance and are also in conformity with the 'arrets' passed by it in respect of the individual accounts of the *Comptables*.

Apart from the financial control exercised by the *Cour des Comptes* on government departments, it also exercises control over the financial operations of the private associations receiving subventions from the government. The Law of 31st December, 1949 has empowered the *Cour des Comptes* to exercise control on the financial operations of private organisations like the '*Securite Sociale*'. Similarly, the Law of 25th July, 1953 empowers the *Cour des Comptes* to supervise the financial operations of the bodies entrusted to collect the taxes called '*taxes parafiscales*' or to administer the income resulting from the collection of those taxes.

It is an important function of the *Cour des Comptes* to inform the competent authorities of the conditions in which the receipts were collected and the expenditure incurred. The court sends its remarks to the government departments through three kinds of notes¹⁹ : (1) *Notes au Parquet*, (2) *Notes du President*, and (3) *Notes de referes*. In ordinary matters the court corresponds through its *Procureur General* with the *Comptable* concerned or his superior officers by issuing *Notes au Parquet*. Sometimes instead of sending '*Notes au Parquet*' the court may issue '*Notes du President*' which are letters addressed by the *President de Chambre* to the head of the accounting department.

18. M.A Saramite et M.J. Hamelin: Les Controles Exerces par la Cour des Comptes, Paris, p. 33.

19. Cent-Cinquantenaire de la Cour des Comptes Imprimerie Nationale, Paris, p. 75.

If no reply is received by the court to the '*Notes au Parquet*' or '*Notes du President*', the court may issue the '*Notes de referes*' addressed by the *Premier President* to the Minister concerned who is compelled to give a reply to the court within a time limit of three months. Apart from such cases where '*Notes de referes*' are issued because no reply has been sent to '*Notes au Parquet*', and '*Notes du President*' there may also be cases in which the court may send '*Notes de referes*' directly at the first instance depending on the gravity of the situation.

The proposal for sending '*Notes de referes*' should emanate from a Chamber or a Committee of the *Cour des Competes*. The *Premier President* who is alone empowered to sign the note can modify its tenure or stop its issue. The note being a correspondence between the *Premier President* and the Minister concerned is treated as confidential. The main purpose of the '*Notes de referes*' is to ensure that the legal provisions and the administrative rules are complied with by the *Ordonnateurs*. Sometimes such '*Notes de referes*' help to fill up the gaps existing in the administrative rules. Since these notes are treated as of great importance, there is an official in each Ministry who is specially entrusted to watch their disposal. In case the Minister fails to give reply to the '*Notes de referes*' the *Premier President* is empowered to bring it to the notice of the Prime Minister.

Sometimes the *Cour des Comptes* may not be in a position to restrict itself to furnishing information to the government only. It may have to take up certain cases with the *Cour de Discipline Budgetaire* which is empowered to investigate into the conduct of administrative officials. Sometimes the matter may be of the competence of the Parliament. In such a case the court has to send information to the Parliament. It is also expected to give all assistance to the Parliament at any moment. The National Assembly can ask the *Cour des Comptes* to make enquiries on the collection of receipts and payments made by the Treasury.

The *Cour des Comptes*, independent from the executive power, is the only body settling the public accounts wherein the financial life of the nation is described. Its duty consists in informing the '*pouvoir public*' (public power) the conditions in which the public funds were spent. It is, therefore, required to submit to the government a public report (*Rapport Public*)²⁰ on the verification of the accounts. This report²¹ is forwarded every year to the Parliament and the President of the Republic, and is published in the official gazette (*Journal Officiel*).

20. Cent-Cinquanteaire de la *Cour des Comptes*, Imprimerie Nationale, Paris, pp. 94-97.

21. *Rapport au President de la Republique suivi des Reponses des Administrations*, Imprimerie des Journoux Officiels, Paris.

(3) COMMISSION DE VERIFICATION DES COMPTES DES ENTREPRISES
PUBLIQUES

The accounts of the public institutions of industrial and commercial nature as well as the nationalised enterprises and mixed societies with which the Government have invested their capital are scrutinised by this Commission which was instituted by the Law of 6th January, 1948²² (as modified by the Decree of 24th May 1958)²³. It consists of the 'Magistrats' of the Cour des Comptes appointed by the Minister of Economic and Financial Affairs on the recommendation of the *Premier President* of the Cour des Comptes. The President of the Commission is selected from amongst the *Presidents de Chambre* of the Cour des Comptes. He is assisted by a *Reporteur General* who is, in practice, selected from amongst the *Conseillers Maitres* of the Cour des Comptes. For the scrutiny of the accounts and statements the Commission is divided into four specialised sections presided over by the *Conseillers Maitres*. Each section consists of a President and three 'Magistrats' of the Cour des Comptes, and two members representing the Minister of Finance and the Minister for Economic Affairs respectively. Besides these five members the Commission may also get the assistance of some officers who take part in the proceedings of the Commission without having power to exercise the vote. It may also be assisted by some '*rapporteurs*' who study and examine the cases and submit them without any conclusions. They are selected from amongst the 'Magistrats' who are either retired or on duty. They usually belong either to the Cour des Comptes or the Conseil d'Etat.

The duties of the Commission consist of²⁴ :

- (a) Verifying the accounts and the statements of loss and gain to ascertain the regularity and authenticity of those documents in order to recommend them for the approval of the Ministries concerned or to suggest any improvements in that respect;
- (b) Scrutinising the results of the financial operations of the enterprises²⁵ in order to make clear their financial position and bringing its conclusions to the knowledge of the Parliament, Council of Ministers and the Cour des Comptes;

22. LOI No. 48-24 du 6 janvier 1948 relative a diverses dispositions d'ordre budgetaire pour l'exercice 1948 et portant creation des ressources nouvelles (J.O. 7-1-48).

23. DECRET No. 58-510 du 24 mai 1958 modifiant l'article 56 de la loi No. 48-24 du 6 janvier 1948.

24. Cent-Cinquantenaire de la Cour des Comptes, Imprimerie Nationale, Paris, pp. 125-129.

25. Liste des Etablissements Publics, Entreprises Nationalisees, Societes d'Etat et Societes d'Economie Mixte dont les Comptes sont Soumis des Comptes des Entreprises Publiques.

- (c) Giving its opinion on the quality of the operations of the enterprises; and
- (d) Pointing out the amendments which may be effected into the structure and organisation of the enterprises in order to remove any lacunae which may give rise to criticism, and to improve their functioning.

The enquiries conducted by the Commission take place on the actual sites and in the presence of the management of the public enterprises. The reports prepared by it are communicated to the management whose remarks and comments are taken into consideration. At the second stage the members of the section prepare their reports called '*rappports particuliers*' which are confidential. The Commission has to send every year to the ministries concerned its reports on the verifications conducted by it. In these reports it gives its opinion on the state of accounts maintained by the public enterprises and suggests, if necessary, the improvements in the structure of these accounts. The Commission also sends before the 31st December a general report²⁶ on the activities and the financial operations of the enterprises to the Parliament, the Prime Minister and the Cour des Comptes. Further, the Decree of 19th July, 1948²⁷ (as modified by the Decree of 10th July 1958)²⁸ provides that all the individual reports of the Commission pertaining to each enterprise verified by it should also be sent to the Cour des Comptes.

(4) COUR DE DISCIPLINE BUDGETAIRE

This Court was created by the Law of 25th September, 1948. It consists of six members : *Premier President* of the Cour des Comptes (President), a President of a Section of the Conseil d'Etat (Vice-President), two *Conseillers d'Etat* and two *Conseillers Maitres* of the Cour des Comptes. The functions of '*ministere public*' are exercised by the Procureur General of the Cour des Comptes. The investigations are conducted by the '*rapporteurs*' who are chosen from the members of the Conseil d'Etat and the Cour des Comptes.

This Court is empowered to investigate into the conduct of the administrative officials who are responsible for financial irregularities.²⁹ The Parliament had to pass a separate Law for the creation of this Court since under French Law the officers performing administrative

26. Rapport D'Ensemble, Commission de Verification des Comptes des Entreprises Publiques, Imprimerie des Journaux Officiels, Paris.

27. DECRET No. 48-1170 du 19 juillet 1948.

28. DECRET No. 58-597 du 10 juillet 1958 (Journal Officiel du 16 juillet 1958).

29. Cent-Cinquantenaire de la Cour des Comptes, Imprimerie Nationale, Paris, pp.133-136.

functions, even though they commit serious mistakes in discharging their duties, cannot be asked to indemnify the actual losses (prejudices) made by them. The Cour de Discipline Budgetaire is a judicial court and is competent to impose fines on administrative officials who are found guilty of negligence and misconduct resulting in financial losses to the government. However, such fines are limited to one year's salary of the defaulting officer.

Cases before the Cour de Discipline Budgetaire are brought through the '*ministere public*', namely, the *Procureur General*, by the President of the National Assembly, the President of the Council of State (Conseil de la Republique), the Prime Minister, the Minister of Finance, and the Ministers under whom the defaulting officials are working, the Cour des Comptes and the Commission de Verification des Comptes des Entreprises Publiques. If the *Procureur General* thinks that the matter is not worth being pursued further he orders the case to be filed. After the enquiry is completed by the '*rappor-teur*', the file is communicated for advice to the Minister under whom the defaulting officer is working and the Minister of Finance. Thereafter the file is forwarded back to the *Procureur General* who can either order the case to be filed or decide to bring it before the court for a hearing. In both cases he has to ascribe reasons for his action. The proceedings take place according to the criminal law, and the '*arret*' of the court may be heard in appeal by the Conseil d'Etat.

(5) COMITE CENTRAL D'ENQUETE SUR LE COUT ET LE RENDEMENT DES SERVICES PUBLICS

This Committee has been instituted by the Decree of 9th August, 1946.³⁰ Its duty is to suggest the steps to be taken to reduce the expenditure in the functioning of the Ministries, the public institutions, provincial administrations, Societies or organisations in which the government have invested money as well as services or institutions which have been given subventions or advances.

The Committee consists of twenty-three members³¹: The *Premier President* of the Cour des Comptes (President), two members of the financial Commission of the National Assembly, two members of the financial Commission of the Council of State (Conseil de la Republique), one member of the Conseil d'Etat, Senior officials of the government and representatives of trade and industry.

The Committee which functions in the Prime Minister's Secretariat causes its enquiries to be conducted by the members of the

30. DECRET No. 46-1786 du 9 aout 1946 (Journal Officiel du 11 aout 1946).
31. DECRET No. 54-442 du 20 avril 1954.

Conseil d'Etat, Cour des Comptes, Corps de Controle, Central Administrations of the different ministries, members of the University and Magistrates of judiciary.³² It may also seek the assistance of retired officers and the persons belonging to the Superior cadres of public enterprises. The members of enquiry are appointed by the Prime Minister. The Committee sends its conclusions to the Prime Minister, the Minister in charge of administrative reforms and the Minister of Finance, and to the Ministers concerned. The latter are required to send their remarks on the above conclusions of the Committee to the Prime Minister, the Minister in charge of administrative reforms and the Minister of Finance within the time limit of three months from the date on which the conclusions are sent to them.

III

The most characteristic feature in the system of financial control in France is the control of efficiency in the administration by the Audit Court (Cour des Comptes). The Court is completely independent of the Executive, the Legislature and the Judiciary. It is an independent statutory body which not only controls the legality and regularity of public expenditure but also exercises a great deal of judicial authority. The Audit Court functions in the same manner as the Civil and the Criminal Courts in France. Apart from the judicial settlement of public accounts the Court is empowered to investigate into the conduct of administrative officials. This power enables it to occupy an increasingly important position in the control of national finance. The Comptroller and Auditor General of France (Premier President de la Cour des Comptes) has, therefore, been assigned a very high place in the public life of the country and is always associated with all decisions in regard to the finances of the nation and the efficiency in the administrative machinery. The French practice has been adopted by most countries on the Continent of Europe with slight modifications. The General Auditing Court of the Netherlands (Algemene Rekenkamer)³³ has been set up on the French model. It occupies an important position in the national life and exercises the control of efficiency in the administration.³⁴ In West Germany, the President of the Federal Audit Court (Bundesrechnungshof) has been given wide powers under the Executive Order of June 30, 1952³⁵ to deal

32. 4^{eme} RAPPORT, Comité central d'enquête sur le cout et le rendement des services publics; Présidence du Conseil; La Documentation Française.

33. Accounting Act (Comptabilitéswet), 1927.

34. For further details *vide* Author's article on "Audit and Control of Efficiency in the Netherlands" in PUBLIC ADMINISTRATION—WINTER 1959 ISSUE (Royal Institute of Public Administration, London).

35. Bundes Anzeiger, Nummer 128, Bekanntmachung uber den Bundesbeauftragten fur Wirtschaftlichkeit in der Verwaltung, Vom. 30, Juni, 1952.


with all problems of efficiency in the public service.

However, the Anglo-American system does not support the Continental practice. In Britain, the Comptroller and Auditor General has the statutory responsibility, under the Exchequer and Audit Department Acts of 1866 and 1921, to ensure the legality and regularity of public expenditure. The extent of his "administrative audit" is limited, since he cannot raise a question of Government policy. However, he may report to the Parliament on a matter of administration from the point of view of its effects on the public purse. Moreover, the Public Accounts Committee of the Parliament has also enlarged, by convention, the functions of the Comptroller and Auditor General to look into questions of propriety in administrative matters. Under the Budget and Accounting Act of 1921, the Comptroller General of the United States has the power to prescribe administrative accounts and the authority to settle claims. He is empowered to effect recovery by sur-charge against corporations and officials who have not incurred expenditure in conformity with the legal provisions. However, in the course of his "comprehensive audit", he may review the policies established by an agency in order to determine whether they conform to the intent of Congress and are designed to carry out the authorised activities in an effective and efficient manner. He may also conduct a review and analysis, by activities, of receipts and revenues, expenditures and the utilisation of assets together with all related control processes as a basis for evaluating the effectiveness with which public funds are applied and property utilised. Thus, while his goal is an evaluation of the discharge of the agency's financial responsibilities, the scope of his "comprehensive audit" extends to all of an agency's operations and activities and to all of their aspects.

In Canada, the Comptroller and Auditor General cannot criticise purely administrative matters, but it is his duty to report to the Parliament such administrative action which results in loss or wastefulness of public money. The Financial Administration Act 1951 empowers him at the instance of the Government to enquire into and report on any matter relating to the financial affairs of the State or to public property and any person or organisation that has received financial aid from the Government or in respect of which financial aid from the Government is sought. In Australia, the Auditor General is not entitled to criticise any Government policy which is covered by legislative authority. He is empowered under the Audit Act 1901-1950 to sur-charge under certain circumstances persons concerned in losses of public funds or property. He may, in his yearly report or in any special report to Parliament at any time recommend any plans and suggestions for the better collection and payment of the public moneys

and any improvement in the mode of keeping the public accounts. He may also make suitable suggestions to the Government if he considers that departmental systems and processes are inefficient or that appreciable economies could be effected by variations in departmental methods.

In India, the Comptroller and Auditor General is the most important officer under the Constitution. He has been removed from the control of the Executive, since under Article 148 of the Constitution his salary and pension are charged on the Consolidated Fund and he can be removed only on an address from both Houses of Parliament. His responsibility is not only to ensure the legality and regularity of public expenditure but also to see that the expenditure has been incurred with wisdom, faithfulness, and economy. He functions in the same manner as the British Comptroller and Auditor General. He performs his duties through the Indian Audit and Accounts Department which is responsible for the audit of the accounts (both receipts and expenditure) of the Union and of the States. However, unlike the British Comptroller and Auditor General who has the control over Exchequer Issues, the Comptroller and Auditor General of India has no such control over the issue of money from the Consolidated Fund. Article 150 of the Constitution invests the Comptroller and Auditor General with the authority to prescribe the forms of the accounts of the Union and the States with the approval of the President. Under Article 151 he is required to submit his Audit Reports on the accounts of the Union and the States to the President or the Governor as the case may be, for submission to Parliament or State Legislature. The reports are considered by the respective Public Accounts Committees, and their recommendations are submitted to the Parliament or the State Legislature. Article 149 provides that his other duties and powers in relation to the accounts of the Union and the States or the accounts of any other authority or body are required to be laid down by an Act of Parliament. He has at present got full access to all documents and records having relevance to his audit responsibilities. His procedure is not that of a Court of Law as in France. He ascertains facts either by correspondence or from the files of the Executive Departments. Unlike the Comptroller General of the United States, he has not been given the power of sur-charge.



Personal letter - Admin

I AM, SIR, YOUR OBEDIENT SERVANT: EMPATHY, ETHICS AND OTHER INTANGIBLES IN PUBLIC ADMINISTRATION*

George F. Rohrlich

THE thought and even the topic which I am about to discuss here tonight came to me in connection with some remarks offered by one of our foreign experts at the I.L.O. Asia Regional Training Course in Social Security Administration which is currently taking place in your fair city. He happens to be a man who has held many important positions in the social security administration of his country. Yet, despite his distinguished career as an administrator, he has preserved a keen sense of self-criticism and a flair for innovation. To illustrate just how impossible you could get in administering a social programme, he cited to the members of the course this hackneyed phrase "I am, Sir, etc." which used to conclude every routine letter his Ministry would write to claimants for benefits; and he described what a struggle it was to get them to abandon this practice.

His tale had brought to mind some old thoughts which over the years had been with me, and so I decided I would use the same quotation here tonight in giving vent to these thoughts.

In order to indicate the general subject of my remarks, I added the sub-title. So much for that.

I notice from the announcement in the paper that my affiliation with the I.L.O. was given. I am proud of it. But I would not want to commit the I.L.O. in any way with regard to anything I happen to be saying here. Neither would I want to commit the U.S. Civil Service of which I am a member, albeit on leave, in this regard. So, please take these remarks for what they are meant to be: the personal observations of a student, a one-time teacher, and, over a period of some 15 years, a practitioner of public administration on the national and international levels. Even at that, they are mere spoken thoughts rather than necessarily final formulations.

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If anyone asked me what I would consider to be those aspects of Government—in a certain sense any Government, but more particularly

*The text of a public lecture delivered at the Institute on November 17, 1960.

Government in a democracy—which struck me as the most crucial, I think I would name these two : Representation and Motivation. Let me explain what I have in mind.

Representation in a democracy, it seems to me, is not a problem confined to the constitutional process or to the realm of law-making. It is very much, and I think very significantly, a problem confronting the executive arm of Government, and quite particularly its administrative apparatus. A class of administrators high up and aloof, removed from those whose public business they are supposed to manage, is certainly not one that can lay claim to solving our present-day needs. And yet, once the novelty and the sparkle and the brilliance have worn off, what remains really of analyses such as Harold J. Laski's of the make-up of a nation's civil service showing that it was largely recruited from and, for that reason presumably "represented" one, and only one, stratum of society? I wonder, is the inference as obvious today as it seemed a quarter of a century ago, that salvation comes to a nation when it is ruled by the proverbial man in the street? In a very general sense, though, the challenge has served its purpose. In a democracy today, no Government in its right mind would any longer attempt to reserve its Civil Service to a single social class. But the problem does not end here.

A difficult question arises with regard to the meaning of Representation : Representative of what? In what respects—nationality, race, colour, religion, economic status—which Laski thought was terribly important? Loyalty to a certain caste, clan, family, order, party—last but not least? You can go on naming them.

To a pluralist, such as I confess to be, fully "representative character" is simply unattainable. But you do not have to be pluralists to be faced with the problem. Suppose you are quite sure in your own mind as to what are the paramount qualities in regard to which those who serve as the executive arm of Government ought to be and must be representative. Even in that case, I submit, the same tough question sooner or later—and I suspect rather sooner—will pose itself. For, just how long will those who come to represent the new forces in society, that is those coming from circles other than the traditional "ruling groups", how long will they remain just like those whom they were picked to represent? My own belief—at this point in my thinking anyhow—is that there can be too much of a chase after representativeness, and that no matter how hard you chase it, I am afraid, it may elude you.

Well, if a democracy requires a "representative" government and if—speaking now exclusively of the executive arm and its administrative apparatus—such "representative" character of the public

service is scarcely obtainable or cannot, at any rate, be maintained for long, what else have we to fall back on? What can one strive to attain as a public administrator that would endow him with those qualities which representativeness is supposed to instill, namely to become attuned to the needs of the people whom Government is to serve? Here is where Empathy comes in : Empathy, the capacity and the frame of mind, the inclination to see the other fellow's point of view, to see things as he sees them, to put yourself in his shoes, and yet do all that while you are faithfully attending all along to your business and adhering to your mandate, which is to execute a given law in the way in which the law-giver intended it to be executed.

Let me come back for a moment to this little quote in the title of my talk: "I am, Sir, Your Obedient Servant". What is wrong with that? Well, I say it depends. Perhaps, when a high-placed official of an international service organisation concludes his letters in this way, he truly acknowledges what he ought to be the willing servant of the various governments and other interests by and for whom it is constituted. Perhaps then this is just what he ought to be saying—even though I, personally, could think of other ways of saying it. But when you think of a poor devil writing to an office to say that he has not received the benefit cheque which he thinks is due to him and you write him back saying, "Sir, I am directed to inform you", and go on in a long rigmarole, and conclude "I am, Sir, Your Obedient Servant" etc., I would say that somehow you miss your clue *qua* "Empathy". Because the man does not want to know all that. He wants to know when his cheque will be coming. If, in giving him this information, any *obiter dicta* seem called for, might it not be more appropriate to express your interest in his predicament and to assure him that you will do all you can to help expedite whatever benefits are coming to him? The point is that in the Civil Service of a democracy perhaps you ought not to force a trusted public servant to sign himself one way or another, to address a person one way or another, to use one standing phrase or another : but instead train him and then trust his judgment that he will find the right approach—by means of Empathy—rather than reaching for a formula. That after all is where the skill of the administrator comes in. Or, at least, it is one of the many occasions on which it can come in, given the scope.

For there is an almost infinite variety of situations in which this skill is called for—in as many different forms. To stick to letter-writing just a moment longer, take the frequent instances of frustrated, yet sometimes no less ingenious, inventors and reformers bombarding all levels of governments, from the lowest to the highest, with their discovery or pet scheme. Obviously, one owes them a hearing as one

does anybody else, and a sympathetic, if no less critical, examination of what they have to suggest. Even if this should turn out to be impractical, a sincere word of appreciation for the effort indicating that consideration has been given to its merits—rather than just a formal acknowledgement—may in effect turn out to be—if not the coveted reward or recognition, at least a second best.

Sometimes, a receptive and understanding attitude may indeed be just that, and more : not only may it *be*, but it may *bring* reward. Young associates, or even older ones lacking the courage of their convictions, might haltingly and with obvious uneasiness bring up ideas for improvement that they have conceived. I have seen faces freeze up when such stammering efforts were met, on the part of the supervision or of colleagues, by a frown or by a sarcastic remark. That was the end of such hard-won initiative, and for a long time to come if not, indeed, for ever. Public administrators worth their salt cannot afford to deaden creativeness around them in such thoughtless manner. Their job must be to develop people, to lend their imagination and their experience to the vocalizing and the formulation of ideas, in short—try to help people grow to their full potential. These are but a few of the myriad occasions where Empathy can come into play, and I submit that it is not necessarily tied to any particular kind of representativeness.

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Motivation to me is the other secret which spawns the fate of any given machinery of government. I say this advisedly, for I do think the spirit which motivates it, determines its fate in the long run. Individually, motivation is probably conditioned early in life, in the home, in the years of school—the very earliest. Essentially, I take it, human actions can be conditioned by one or two basic drives: either self-realisation or fear. Being responses to stimuli received and reflecting their characteristics, human actions can be, it seems to me, accordingly of two kinds : either acts of, and in response to, co-operation, and acts prompted by, and constituting reactions to, intimidation. Such can be the spirit of the home and of the education which conditions a child, and of government which further conditions the adult.

Of course, by the time one gets to be a public servant, his individual freedom to help establish a climate which is favourable to the development of creative and constructive, resourceful and self-satisfying action has become severely limited. Yet, the possibility is not entirely lacking. It is this potential, it seems to me, which public service in a democracy should foster and should cultivate.

This is where we might be faced with a conflict of conscience. Or it might seem at first,—because such an attitude cannot but presuppose, deep down in its emotional roots, respect for each man as an end in himself. But is not administration, notably public administration, at least from the point of view of the manager—the man who has to keep things going, the man who has to get things done—is it not in essence *the management of men* as well as of materials for the accomplishment of the purposes of the State? And must not of necessity, in this process, men become means toward certain ends rather than ends in themselves? To make matters worse, are not these ends apt to be determined by and in the interest of the famous reason of State (*raison d'état*)?

Can one “manage” men without debasing their inner being? I would say, hardly—if by “managing” one means to make them do our bidding without knowing it or—worse yet—knowingly, but having been made to like it. To propagandize and befuddle man is to debase him. But then there is another conceivable approach to personnel administration—and I wish it were stressed more. It can be and it should be, I feel, a combination of explaining to, and inspiring of, people; the opening up to them of vistas on their work which are meaningful to them in terms of self-realization. There we tread on delicate ground, and it behoves us not to be glib about it.

If not means, we are all—or nearly all—nevertheless just cogs in a wheel. Does not the wheel follow the direction of the wagon? I am afraid it must. Thus, a Civil Servant is bound to reflect the nature of the society he serves. But this is where, it seems to me, the essence of democracy comes to our rescue. For if we mean business, that is if we really are committed to democracy, then self-realization of individuals and self-determination of groups is presumably what we are striving for in our body politic as well as *mutatis mutandis* in our families and individually. Well, then let us honour these ideals in action, in our policies. Let us have the courage to be doing things in the spirit we profess . . .

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Returning once more to the whimsical title of this little talk of mine, and asking once more what, if anything is wrong—at least under everyday circumstances—with the *spirit* of “I am, Sir, . . .” and so forth? Well, it may be just a matter of taste, but to me the undue submissiveness smacks of an unavowed, yet no less genuine, feeling of superiority. I just feel a public servant had better leave out some of the not so genuine subservience and instead had better represent in his

words and actions the spirit of democracy such as it is. Perhaps we ought not to take our own officialdom quite so ponderously. You know, in the United States, reference to men and things official is rather infrequent. One instance in which you are likely to come up against it when looking into the back window of some practical joker's car, where you may find, as you drive up, a sign consisting of only two words : the first is a big "OFFICIAL"; the second one is a bit smaller. You have to drive up more closely to read it. It says "Tax-payer". I see you get the meaning. Even a uniform, mind you, does not elevate its bearer above the rest of the mortals. I venture to say that in the U.S.A. the most frequent and most popular reference to uniforms is to the uniforms of base-ball players. This too helps, I guess, to take some of the aweness out of such paraphernalia, and some to make an official not quite so "official".

Then, what are some of the features which can help make a Civil Service truly democratic? First, it seems to me, and perhaps most difficult, it is imperative to treat our fellow-worker and the fellow-citizen that seeks our help—our client, the man whom we are supposed to serve—as a grown up : a person who can think for himself; who presumably acts intelligently if given the information he needs; and who, in the case of our fellow-workers, therefore, needs our assistance, and perhaps our guidance, but does *not* need the nose which some of us may be fond of poking into his business. You can let him do his job and judge the job when it is done—"completed staff work", we call it.

You may know—I know—a type frequent both among men and among women. He is constantly overworked, because he fancies himself as the only one who can really do a job. When he does delegate work to somebody else, he invariably concludes it would have been better had he done it himself. Being overworked and, of course, underpaid, he is really a martyr. Needless to say, he works overtime. But, let us not be fooled by him. This is the kind of person, whatever his age, who never grew up. Deep down, he thinks he has to do all this in order to prove himself. To win the acceptance of his superiors—and, basically, his own—he has to belittle those that work with him and to dwarf their contribution. Hence, if, unfortunately, he gets to be chief of a unit, everybody else in that unit sooner or later will be found out as "no good". That kind of a person is a danger to the public service of a democracy. For, in a democracy, it seems to me, the man in charge should be *primus inter pares*. He will want to decide things. Obviously he has to. He cannot delegate decisions. But he will decide at least certain things after taking counsel with his staff. It does not matter in what grade they are. Some people in the low

grades have the best ideas, and government should not have to wait years for the contribution they have to make—that is until they are promoted to a supervisory position. What I am saying is that government in a democracy needs leadership, not bossing. Incidentally, do you know of an easy way to tell the difference between a boss and a real leader? I heard it but this way: Suppose there is a breakdown. What will the boss do? He will fix the blame. What will the leader do? He will try to fix the breakdown. One could easily add other characteristics. For example, the boss does not ask for advice, and if he gets it he resents it. The leader not only invites comment and constructive criticism from his associates on plans of action and certain other things that are in the making but he even thanks those who come forward with such criticism and comment, and tries to use it rather than resent it. These are but illustrations, variations on the theme, I suppose that those in position of leadership in government must have a keen sense of the importance and the continuity of its work—which make it far too great a thing as to permit any part of it to become anyone's personal preserve; and that the spirit prevailing in the public service, both towards those within the service and towards those whom we serve, should be such as will keep anyone from playing himself up as master instead of accepting himself and his associates as members of one team. While, as individuals, we may strive for perfection, we must also remember that man is fallible and that it is not usually given to us—ourselves or our associates—to perform to perfection and only what is attainable should serve as a standard—at least in public administration.

In this respect, public administration, no less than foreign policy is the art of doing the possible. Hence, it is a career which calls for men willing to be self-effacing. Not only must they have—as it has been said—"a passion for anonymity", I would go further and say that they need—at least at times—a flair for frustration. Because, seldom does it happen that something one dreams of and develops and fancies as just the right thing is adopted and executed in just that way and if it is not, it takes quite a man to say, as I once heard a supervisor of mine say: "The reorganization which I have opposed has been adopted. I do hope that it will be a success. I shall do my best to make it that."

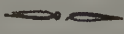
A supervisor who can truthfully say and do this will, by his example, help others do likewise. We are prone to follow example, whether good or bad, and to reflect—even unconsciously—in our attitudes toward others those shown to us by our superiors. One more reason, incidentally, why supervisors should always be considerate...

The quotation I used can do more than exemplify acquiescence in a decision taken at higher level. It is a fine example of another

important virtue in public service—the last I am going to dwell on—that of loyalty. Now, again to one who is an inveterate pluralist, this term “loyalty” really should be a *plurale tantum* : loyalties rather than loyalty. We have grown out of the amoebas stage. We are involved in too many relationships, we cultivate too many attachments, too many interests, too many . . . everything, to be loyal to only one thing. It is for that reason, I believe, that unless we are prepared to put blinders on ourselves, and artificially to stifle our potential, we must think of loyalty as a many-sided commitment. How meaningful, then, is it to speak of loyalty in Government, and to call it a virtue in the public service? I think it is very meaningful indeed. It means to me that you try and honour these many loves you have, these many obligations you feel, standards of excellence you have espoused and humilities by which you have learned to temper them—admitting to your own limitations; all this, to me, is loyalty. Yes, to live up to the poet’s precept “to thine own self be true” is indeed a form of loyalty, and wisdom too. For, once you realize that you are no greater than you are, then others will not have to cut you down to size . . .

Perhaps the gist of loyalty in the public service can be summed up in a few words I heard from another wonderful supervisor I had at one time. As a matter of fact he served here in India. Some of you may know him. But I will leave him un-named except to say that in the service we called him the Great White Father.

His remark to me which I shall quote you was brought on in this way. I was trying to fill a job in my unit which had long been vacant and which we badly needed filled. We had a number of candidates certified to us none of whom, I thought, were ideal, but including some competent persons. I introduced them to my supervisor, and he looked them over with care. But he failed to give me the green light to hire any of them. So, finally, I took it upon myself to ask him: “Tell me, Sir”, I said, “you are not usually that slow in making up your mind; why is it that you keep looking over these people of whom more than one would seem competent to do our job, and yet don’t hire any of them?” With his very affable smile, he replied: “You know George, in this important job that we have to fill, in fact, in any job in this service, I want men who are not only competent to do the work, but who love it.”



LEADERSHIP IN ADMINISTRATIVE PRACTICE*

W. T. V. Adiseshiah

EVERYBODY likes in some way or other to be in a position of dominance or superiority over others. Yet in any social group it will be seen that only a few can assume the status of leaders, while the great majority of people have to follow on, accepting the ideas, acting according to the plans, or submitting to the dictates of their leaders. Modern societies, as is well known, are of two principal types—democratic and authoritarian. In the democratic type of society, the leader depends on the goodwill and to a considerable extent on the active support he receives from the majority of the social group. What the leader wants everyone to do has therefore to be generally acceptable, in the common interest, and subject to the approval of the majority. A leader who forfeits the confidence of the majority cannot remain the leader of a democratic social group. In an authoritarian group, on the other hand, the leader derives his power from some authority which transcends the group. He lays down what may or may not be done by the group, and is vested with punitive powers to enforce his will on the group. In fact, the exercise of penal sanctions places the leader in a position of absolute dominance over the group as a whole. In order to forestall the possibility of being overthrown, the authoritarian leader may even reinforce his power by setting up a system of surveillance which aims at breaking down any organised opposition or challenge to his supremacy.

Let us begin by distinguishing between leadership as we see it in political, military, and civilian life. The political leader in a democratic society comes to the limelight by virtue of his appeal to public sentiment. He might have been jailed by his political opponents, in which case his personal sacrifices for the common good give him an initial advantage. As a rule, the political leader gains the confidence of the people by his eloquence, his sagacity, his impressiveness and by his programmes of action which commend themselves to those whose support he seeks to win at the time of an election. Once he secures a place in the Legislatures as a representative of the people, his political fortunes are linked with the party to which he belongs. He might even rise to a status of power if he stands high in the esteem of the party. Leadership in military societies is somewhat different

*Lecture delivered at the National Academy of Administration, Mussoorie, in September 1960.

from political leadership. Vertical differentiation in military societies, combined with the rigidity of military discipline gives the military society an authoritarian character. The orders of the General have to be accepted and obeyed by the entire chain of command below him. All the same, military operations are essentially group tasks, in which everyone taking part has a specific role. The Commander who is responsible for the success of the operation must function not merely as one who gives orders, but also as one who leads others into action. Behind all the sternness and rigour of military authoritarianism there is a human element—an inescapable relationship between the Captain and the Corporal, the Major and the Sergeant Major, as man to man. In the last analysis, the military machine is made up of human hearts which must beat together. Hence, military leadership is also a product of psychological factors. Leadership in civilian administration is, in a sense, midway between Political and Military leadership. It shares certain characteristics of both and is therefore unique in its own way.

Unlike industrial or educational institutions, where the industrial manager or the school principal holds the same position for a considerable time, the practice in Governmental administration is to shift people around from one administrative post to another. Seldom does the same officer hold the same post for more than three or four years at a stretch. This practice is of advantage in some respects, even though it may have its drawbacks. Since the great bulk of administrative work is of a routine nature, it can give rise to boredom, which would best be overcome by periodical transfers of officers and staff. On the other hand, in any kind of work involving human relations or public relations, it takes time for one to get to know and understand other people. Three or four years may not therefore be a very long time. Adaptability to changes in the social environment is without doubt one of the basic demands on the leadership of the administrative officer. Since leadership emerges in the context of the inter-relationship between human beings, it will be appropriate to discuss two areas in the occupational context of the Administrator where capacity for leadership comes into play. There is, first of all, the circle of individuals who bear some official relationship with the officer in virtue of the fact that they are in government employment either as subordinates or as equals. The administrative officer is engaged in a role of directing people and of exercising control over their work. Secondly, Governmental administration entails relationship with the public. There is on the one hand the task of clarifying the viewpoint of the Government to the persons concerned. On the other hand, there is the equally important task of understanding the problems and difficulties of the people, of keeping them contented and satisfied.

INTERACTION BETWEEN SUPERIORS AND SUBORDINATES

Practical Problem of Leadership : The great volume of research carried out in offices, factories and military establishments, on factors such as absenteeism, cost consciousness, organisation and methods, interest in work, grievances and other variables, has brought to light three things which are psychologically significant—*Anxiety, Hostility, and Group Forces*. It is now realized that human relations ought to be regarded not just as a matter of being nice to people, but rather as *understanding and working with mental and social forces in a group of people, so that hostile feelings are kept under control, and anxiety is at its minimal level*. It will thus be seen that the most significant practical question concerning leadership is : How will people feel and act towards one another, and towards their leader? Interactions between people go on in an endless chain. One reaction leads to another. These chain reactions explain why seemingly simple and straightforward actions by persons in authority sometimes produce the most unexpected consequences in human relations. The ban on membership of a Stenographers' Union may, for instance, result in a phenomenal increase in union membership. Which way the chain of reaction will develop often depends on social or group forces, which the leader can ill-afford to ignore.

What Makes a Good Boss : In everyday administrative practice, the suitability of an officer to hold a position of responsibility is usually decided by his superiors. Sometimes a person who is notoriously unpopular is placed in a position in which he would do well not to be in. Part of the reason why this is so is that it is cannon for first line leaders to pass only good news upward, as a result of which top level executives usually know very little regarding the true state of affairs at lower levels. Often, men at the lower rungs of the ladder have pretty clear ideas as to what they expect of a boss. If he comes up to their expectations, the quality of their work as also their morale show unmistakable signs of improvement. When the expectations are short circuited there is often a cold war—indifference, dissatisfaction and subtle opposition. It is therefore valuable from the point of view of service efficiency sometimes to take note of what the subordinates think and feel regarding the way things are being managed. It must nevertheless be emphasised that this ought never to be carried to a point which results in any undermining of governmental authority.

In 1953, the Occupational Research Centre at Purdue University, U.S.A., carried out an elaborate investigation of the human relations methods obtaining in a large industrial corporation. It was found that the assessments of subordinates regarding their superiors showed a substantial amount of agreement. In general, it was agreed that

superiors who fulfilled the following expectations encountered hardly any hostility or anxiety in their subordinates:

- Being easy to see and talk over a problem
- Not criticizing for things which couldn't be helped
- Being prompt in taking care of complaints
- Making good on promises to the workers
- Showing an interest in employee suggestions
- Giving clear instructions regarding how to avoid errors
- Giving sincere answers, no 'run-around' or 'stalling'
- Discussing why changes in work are necessary
- Giving an employee recognition for good work
- Informing workers about what is going on
- Keeping workers in the picture regarding future plans.

This study included also self ratings by superiors. It was clearly evident that superior officers who were most aware of what their subordinates expected of them were the individuals who received favourable appraisals from their subordinates. On the other hand, those who were weakest in human relations came farthest from the mark in knowing where they stood with work forces.

Another study, sponsored by the Defence Research Board, Canada, and undertaken in 1953 as a part of the Human Relations programme of McGill University led to certain interesting findings regarding worker expectancies among telephone installation crews in a large city. The installers worked in nine-man crews. There were clear lines of authority and communication in the Company. The workers understood these from long experience with official channels. For the purposes of this study, foremen who had been rated as superior by their own crews were changed over to crews which had rated their foremen as below average. The purpose of this shifting over was to find out whether those who had been rated poor by one crew would also be rated poor by the new crew. In nearly every case it was found that men initially judged poor were subsequently judged poor by the new crews. The crews apparently had certain unwritten standards regarding what they expected from their leaders.

Up to expectation

Below expectation

- | | |
|---|---|
| To listen sympathetically to complaints and give assurance that something will be done. | To be rebuked by the superior when a complaint is made. |
| To speak about mistakes in private, and to help the person who made them. | To be shouted at or humiliated in the presence of fellow workers. |

When a rule has been broken to draw attention to the seriousness, give warning, and try to understand the worker's side of the story.	Bullying the subordinate and threatening him with disciplinary action.
Knowing the rules well, and interpreting them in the interests of the men.	Sticking to rules when it suits him. Not bothering about rules otherwise.
When the worker gets confused, the superior helps him to put things straight.	Superior is indifferent and leaves the worker to sort things out himself.
Worker feels free to air out a grievance to his superior.	Superior officer is either inaccessible or will not listen.
Superior considers each man on his merits in making special assignments or apportioning benefits.	Showing favouritism.
To put the interests of the crew members when dealing with higher-ups.	Superior keeps in good books of the higher-ups, to the neglect of the interests of his men.
Taking a personal interest in the men on his crew.	Not bothering one bit about the men under him.

In the above points which are equally applicable to any kind of office or administrative establishment, it is easily possible to trace the thread of hostility or anxiety running all the way through. In a strike situation, these points cannot fail to come into relief. When the atmosphere is surcharged with the strike mentality, groups which are closely knit because of good leadership will cling together, whereas those in which hostilities and anxieties prevail will rebel against the leader.

THE PSYCHOLOGY OF PUBLIC RELATIONS

In this modern age of mass communication, public opinion is something which counts for a tremendous lot because of the wide variety of media through which it is capable of being expressed, and the consequent ease with which it is capable of being moulded. Thus, a proficient orator can by one speech, broadcast to millions of listeners, capture the imagination of the public and turn their sentiments in any direction he pleases. What is seen and heard in the theatre is yet another significant factor in shapening public opinion. Hence, although the public might consist of large masses of individuals who do

not come into personal contact with one another, what they generally think and feel will be determined by the several media of mass communication. In an authoritarian society, these media are kept under rigid control. Censorship of newspapers, magazines and current literature ensures that the minds of people are not influenced along any but officially approved lines. In a democratic society, freedom to think, to know, and to act, with due regard to human personality being one of the fundamental rights, considerable latitude is allowed to the press, the motion picture and the public platform. In a democratic society, the administrator is first and foremost a servant of the public. He is ultimately responsible to a popular Ministry, which in its turn is responsible to the people. This makes the maintenance of cordial relationships with the public a matter of capital importance for the Governmental Administrator.

Public Relations under a Popular Government : As it affects officers serving in the Indian Administrative Service, this question of Public Relations poses certain challenges which did not confront officers who served in the Indian Civil Service, prior to 1947. During the British regime, the I.C.S. officer serving as District Collector was a kind of absolute monarch, with wide powers over the public. He was conscious of the fact that his responsibility was not so much to the public, as to the brass hats at Whitehall. As such, he could sometimes ride rough-shod over public opinion, which he in fact did. The officer serving today in the Indian Administrative Service is in a very different relation to the public. He has to view the question of public relations from a different angle. Whereas during the British regime, the member of a Legislative Assembly could at best claim the right to a hearing—and even this was often conceded by the British I.C.S. officer as a courtesy rather than a right—the I.A.S. officer of today can turn a deaf ear to the words of a Member of Parliament and for that matter even to one who can influence an M.P., only at his own peril. It would follow from this that the administrative officer has often to think of the best ways of avoiding a wilderness of trouble by maintaining the best possible relationships with the public.

ADMINISTRATIVE LEADERSHIP IN PUBLIC RELATIONS

The maintenance of harmonious relationships between the civilian administration and the public is a matter which could be discussed at considerable length, but for the purpose of this lecture only a few select problems will be touched on.

(a) *Public Information Services :* In every large town there is a constant demand for information regarding various matters of public interest. Although this need is served to a considerable extent by

newspapers, and also by social agencies which disseminate information, it cannot be denied that these media may not always propagate authoritative information. Information centres run by the administration could serve a useful purpose in giving direction to the public on matters of concern to them. In some of the large cities of Europe, for instance, newcomers can obtain information and help from information centres at the large railway stations. "The Hostess of Paris", in the main railway stations of Paris, provides travel information, guide pamphlets, and also information regarding accommodation in the city, giving directions how to get there. "The Hostess of Vienna", again, boards the train as soon as it enters in frontier of Austria, giving information and useful directions to newcomers proceeding to the Austrian Capital. All this serves to ensure an orderly and systematic way of dealing with the problems of the public.

(b) *The 'Demands' of the Public* : Anyone who is in charge of the administration of district or State Headquarters will without doubt have to deal with a constant stream of various problems ranging from personal difficulties such as securing accommodation or finding suitable employment, to problems confronting groups of people—irregularity in water or electric supply, public annoyances and so forth. Although it may not always be possible to do something effective in every case, the administrator has to cultivate the art of listening to what everyone says, and to give the re-assurance which is sought. The art of listening to the public has a psychological value which in many ways surpasses that of public speaking.

(c) *Enlisting Public Co-operation* : There is a strong streak of selfishness in the public mind—the attitude of getting as much as possible and giving very little. People expect the roads to be clean, prices to be low, shops to be kept open during hours which suit them, and thoroughfares to be safe and orderly. Seldom, if ever, is it realized that all this would depend on a substantial measure of public co-operation. Even such a small matter as throwing litter in bins, not on the pavement, needs to be emphasized by notices and cleanliness drives. Road safety, again, is a matter regarding which the public have to be reminded by a continuous stream of organised propaganda. In all matters requiring public co-operation, action has to be taken by the administration, planned and put through with insightfulness.

(d) *Contacts with the Public* : In every large city, there is always a select number of persons who represent the different areas of public interest. The educational institutions may be represented by some veteran educationist who voices the viewpoint of his profession. A leading lawyer may perhaps stand out as the spokesman of the legal profession. So with the medical profession, the trade unions, and the

community of shopkeepers and business men. Many problems of public interest could often be discussed and solved by convening representative committees. In such situations, the personal influence of the administrative authority, combined with his skill in getting people to agree would be the prevailing psychological factor.

(e) *Occasions of Civic Unrest* : The most delicate situations arise when there is civic unrest. The mind of the Indian public is unpredictable in many respects. It is not easy to tell what may touch off public resentment, and what expressions the outraged feelings of the public may assume. This possibility always hangs on the head of the public administrator as a "Democlean Sword". Apparently this factor of uncertainty is not peculiar to our day and generation. It was experienced by the Duke of Wellington during his sojourn in this country more than a century ago. Writing to his brother shortly after his successful military campaigns in Mysore, Wellington said : "I know but one receipt for good health in this country, and that is to live moderately, to drink little or no wine, to use exercise, to keep the mind employed, and, if possible to keep in good humour with the world. The last is the most difficult, for, as you have often observed, there is hardly a good tempered man in India."

STYLES OF LEADERSHIP AND THE CLIMATES THEY CREATE

The 'Authoritarian' and the 'Democratic' Styles : From what has been said so far, it will be amply evident that the kind of leadership which an administrative officer must exhibit will be a combination of the Authoritarian and the Democratic styles. Since the officer in charge of an administrative formation is appointed to a particular post, and not chosen by those whom he administers, his functions have an *ipso facto* authoritarian character. At the same time, in view of the fact that he cannot act irresponsibly, that his action may have to be explained or accounted for, he is under an implicit obligation to act in such a way that his action commends itself to a large number of people as being just and fair. In some situations, therefore, the authoritarian style of leadership may be effective, and in other situations, it may be the democratic style which is most appropriate. Administrative skill would lie in making the right choices.

The Emergence of Leadership : One of the significant findings of recent research on leadership is the fact that the qualities of leadership in any individual become evident, not all of a sudden, but that they unfold themselves in a variety of functions. Let us consider, for example, the findings of a study carried out in 1950 on U.S. Naval Reserve Officers by the office of Naval Research. These officers were made to work in squads of four persons. Each man in a squad appeared to

have equal leadership potential, based on his performance in previous squads. Some squads were set to work without a designated leader. In other groups, one member was appointed leader by random choice, and other members were told about it. While at work, the squads were watched through a one-way glass and listened to through a microphone pick-up. It became evident that squads which had started out without designated leaders soon found their own leaders. One member invariably took charge of things on his own initiative. The observed differences between the two types of leaders are shown in the following table :

<i>Form of leadership activity</i>	<i>Percentage done by</i>	
	<i>"Natural" Leaders</i>	<i>Appointed Leaders</i>
Proposing action for others	59	37
Defending proposals from attack	36	14
Expressing his own opinion	38	25
Arguing with others	39	12

In the above figures, it will be noticed that "Natural" leaders stand out for the strength they exhibit in defending themselves and the group over which they assume leadership. If we take it for granted that with four men of equal ability, it would be par for each man to initiate 25% of the interactions if the group operated on a free and easy basis, it will be evident that the "Appointed at Random" leaders revealed a marked tendency towards actions involving self-expression, but were comparatively weak on the defensive side.

Situations Meriting Autocratic Leadership : The picture regarding leadership which emerges from the study described above would be misleading if one were to suppose that the appointed leader will invariably be less effective than one who emerges as leader from within a group. When it comes to the question of getting the most out of people who by virtue of the semi-skilled nature of their work, or by the fact that they have got so used to being pushed, that they are incapable of pushing others, the democratic style of leadership does not seem to get one very far. When such people are placed in the democratic social climate, they become bewildered and cannot depend on their own initiative. This did, in fact, turn out to be true the case in the years immediately following the departure of the British civilian officers in 1947. Since the input of suitably trained Indian Administrative Service officers was insufficient to meet staff requirements, a large proportion who during the British regime served as Upper Division Clerks or Office Superintendents rapidly rose to the status of Under Secretaries and Deputy Secretaries. This naturally resulted in a lowering of

standards, which has been clearly indicated in the Appleby Report. A research study undertaken by the University of Michigan, USA, in 1952, revealed that semi-skilled railroad labourers did not show any improvement in performance efficiency when they were organised for purposes of work in democratic gangs. They had long been used to taking orders, to working under supervision, to implementing plans made for them, and to a strict enforcement of rules, that the democratic approach left them cold. Situations such as these highlight the probability that under present varied conditions there is no one best style of leading. The style will have to be adapted to the aspirations, expectations, close range goals, and past leadership experiences of the work group. The important practical requirement is flexibility—adapting methods to fit the needs of a definite situation.


The Psychology of "Red-Tape": Let us now consider two different types of social climate resulting respectively from the style of leadership which allows people some leeway in realising for themselves what they may or may not do; and the type of leadership which maintains a close watch on people, enforcing all the small type in the rule book. The former is called 'Permissive' and the latter, 'Restrictive' supervision. There is an important psychological problem underlying this distinction which, put in its simplest form, would be somewhat as follows : Red-tape is a necessary evil in any sort of administration, in as much as conforming to procedures is inescapable. At the same time, one may ask : "How much Red-Tape?" Take, for example, two chiefs, one chief is a rigid adherent to formalities, procedures, rules and the like. He will never agree to anything before he is satisfied that the rules interpreted in their strictest possible sense, warrant it. In consequence, his subordinates will have to satisfy him regarding the rules and procedures before they can get him to put pen on paper. Another chief exercises considerable latitude in the application of rules or in conforming to procedure. His interactions with his subordinates are based more on the spirit rather than the letter of the law. The questions which arise in such a case would be : How satisfied would the subordinates be with these prescribed contacts? Would the respective climates set by these two types of chiefs make any differences to their respective work relations? The Institute of Industrial Relations of the University of California, USA, which investigated the problem in 1953, found that the restrictive climate set by a chief makes human relations within a group much less satisfying, and that rejection of fellow employees tends to be carried over to after work hours. Even social contacts outside work hours become less intimate and more formal. In restrictive social climates, gossip, rumour-mongering and cliques were found to flourish. Even so, at top levels, restrictive chiefs were successful in creating favourable

impressions merely because the 'red-tape' which they propagated was visibly enforced. In fact, in any administrative hierarchy where men at the top are blissfully ignorant of what obtains at the bottom, the white collar worker who strictly adheres to red-tape is bound to get on beautifully well.

The Human Climate in Conferences and Advisory Committees: The Advisory Committee is a social mechanism which provides for the Administrator, particularly the type of person who either cannot or will not draw upon his own mental resources, valuable support in reaching conclusions. Nevertheless, it is not always smooth sailing in meetings of committees. The power of committees is unquestionably greater than the power of individuals, but the wisdom of individuals is, as a rule, higher than the wisdom of committees. Discussions around the Conference table often show striking variations in the social climates they set up. It is interesting to watch the drift of opinion during the first half hour of a committee session, at the end of which the committee does indeed manage to "lay an egg". Studies of committees in action reveal that usually one-third of the time is spent on miscellaneous talk such as "This meeting is to discuss a contract", or "Somebody give me a match". Nearly two-thirds of the time is spent primarily on expressions of hostility. Expressions of slugging, aggression, defence or negation stir up a cold war. What the committee is capable of achieving would depend largely on how its affairs are steered by the Chairman. Good piloting of an Advisory Committee thus calls for wise leadership, which does not strifle the expression of opinion, but at the same time restricts the scope for irrelevant talk.

CONCLUSION

To sum up, the successful leader operates by the mobilizing of the mental and social forces within his followers, and heading these forces towards common goals. He uses methods which create a climate and interaction which makes these goals clearer, more personal, and constructive for all concerned. In the last analysis, leadership merges with fellowship. In any group which is reacting and interacting to achieve a common purpose, it seldom happens that one man does the leading and all others do the following. Dr. Henry Harris, a British expert on the subject, has put it well by saying that "Leadership and fellowship are working relationships between men on a job which concerns them all. The better leader knows when to follow and whom. When to influence and when to be influenced. When to direct and when to accept direction. When—in analytic terms—to identify himself with the good benign father in relation to the group and when with the respectful son."



STATE ENTERPRISES : CO-ORDINATION AND CONTROL*

H. K. Paranjape

THE number of public sector undertakings in India has been growing significantly, especially since the beginning of the Second Plan, and the number will grow still further in the Third Plan period. The principal units that are carrying out activities of an industrial or mining character number 34. In addition to this, the public sector in India comprises Railways (including railway workshops and the Chittaranjan and Perambur works), the Posts and Telegraphs (including their workshops), the All India Radio, the D.V.C., the State Trading Corporation and financial institutions like the Reserve Bank, the State Bank, the Life Insurance Corporation, the Industrial Finance Corporation and a number of other, smaller, units. In recent times, the pattern regarding the setting up of new state enterprises in the industrial and commercial field has become more or less set. When it is a special kind of activity as in the case of the D.V.C., the L.I.C., the air corporations etc., a statutory corporation is established. Otherwise the unit is organised in the form of a company. This policy has been facilitated specially under the new Companies' Act (1956) under which special provision has been made for companies where all or a majority of shares are held by the Government.

The general policy up to very recently regarding the organisation of State undertakings in company form was to establish each unit as an independent company. Where it was felt that some special co-ordination between certain enterprises was necessary, because they were broadly in the same field of operation, because they had some special commercial or technical relations with each other, or because they were situated in the same locality, this was achieved by having some common directors (e.g., the Managing Director of Sindri Fertilisers was a Director of Nangal Fertilisers and *vice versa*). If the enterprises were under the same ministry, even sometimes the chairman of the Board and at least some of the Directors were the same, was directorships were (and in most cases, even now, are) in practice held *ex officio* by certain officials. Some further co-ordination was achieved in the Secretariat when enterprises were grouped under the control of a particular Ministry.

*This article is based on a memorandum prepared by the author on behalf of the Indian Institute of Public Administration and submitted to the Government of India in October 1959.

A major departure from the policy of having independent companies in charge of individual units in the public sector was the reorganisation of Hindustan Steel Ltd. in 1957. While previous to this, only the Rourkela Steel Plant was managed by this company, now the other two steel plants at Bhilai and Durgapur were also brought under it. The decision that the proposed fourth steel plant in the public sector at Bokaro will also be under the management of this company indicates that the policy now is to have all public sector steel plants under a single company's management. Similar steps have now been taken in some other cases, e.g., the Fertiliser factories at Sindri and Nangal and the proposed factory at Trombay have all now been put under the newly-established Fertiliser Corporation of India and the two shipping companies in the public sector merged to form the Shipping Corporation of India. The Hindustan Insecticides Ltd. already controls the two insecticide plants in the public sector and it is reported that new machine-tool plants in the public sector will be under the management of Hindustan Machine Tools. Thus in the case of certain public sector industries at least, a new trend in organisation seems to have been now established.

The decision as to which enterprises are to be grouped together under one ministry has been based up to now on various considerations, some of them being largely historical. The telephone factory has been under the control of the Ministry of Transport and Communications (Department of Communications), probably because the Posts and Telegraphs organisation took the lead in setting up the factory and providing the technical personnel required in the initial stages and it continues to be the biggest customer of the unit; and that organisation is under the control of the Department of Communications. But the cables factory, in many ways in a similar position, was initiated by the erstwhile Ministry of Production and is now under the Ministry of Commerce and Industry. The Ministry of Transport and Communications controls not only the air transport corporations and the shipping corporations but also the shipyard at Vishakapatnam. But the unit concerned with aircraft production, viz., Hindustan Aircraft, is under the control of the Defence Ministry on the ground, presumably, that it is carrying out certain developments which are important for the air force.

It is proposed to discuss in this article the organisation of state enterprises from the point of view of their interrelations, co-ordination and grouping and the organisation for their control by Government.

THE PROBLEM OF GROUPING

(1) *Necessity of Grouping*

What are the considerations that should govern the structure of the public sector? Efficiency in this field requires a great deal of flexibility in operation. As Mr. Paul H. Appleby had pointed out in his second report¹, for a new function to be effectively and urgently carried out, the establishment of a new organisation becomes essential; on the other hand, when it is largely an expansion with programmatic relevance to old-established functions, an old organisation, suitably reorganised and expanded, may be best. As many of the industrial activities undertaken have been in fields largely new to Government, new organisations, principally in the flexible form of a company, have come to be accepted as suitable. But the question is: Is the existence of a large number of companies, completely independent of each other, compatible with effective Government control and proper accountability to Parliament? The smaller the number of units that are directly under the control of a Ministry, the more manageable will its functions be. One early suggestion, made by Shri A.D. Gorwala², was for the establishment of a central board for all government industries throughout the country. It could be a policy board of five or six full-time members whose principal business would be "to raise the efficiency of government enterprises and make them models of scientific management and business methods at their best". The Planning Commission³ did not agree with this suggestion, pointing out that as each industrial enterprise presents problems peculiar to itself, separate boards of management would be much better. The Commission, however, recommended the establishment of a Central Board which would concern itself with the larger problems of policy, management and organisation and advise the Government in questions of general importance for the public sector as a whole. Mr. Appleby, in pursuance of his recommendation that "proliferation of special organisations within the government of such numbers and variety as to be unmanageable by government" has to be avoided and for this there should be a persistent movement for consolidation of the special organisations according to some scheme of "coherent missions", had suggested that "in the industrial field, development might be directed toward grouping together the three fertilizer plants and grouping similarly the three steel plants. At some point consolidation of domestic and international airlines might be considered. At a still later stage chemical

1. *Re-examination of India's Administrative System*, Government of India, Delhi, 1956, pp. 12-13.

2. *Report on the Efficient Conduct of State Enterprises*, Delhi, 1951, pp. 29-30.

3. *The First Five Year Plan*, p. 127.

industries could be associated with the fertiliser organisation, and so on.”⁴ There are many additional reasons why a regrouping of state enterprises along some such lines could be useful.

If enterprises which are functioning broadly in the same field of technology are grouped together, a number of common facilities could be provided which would lead to economy and efficiency. Such a group can maintain an organisation of the optimum size both for purchases and sales. It can have branch offices in important centres, both in India and abroad, where its business is on a large enough scale and also perhaps use some government organisation as its agent in places where the business is not so large. Technological research in that field can be organised by the group on its own or through provision of grants. Technical training can be similarly organised on a common basis by the group.

From the point of view of management and personnel there will be special advantages to be had from such a grouping. Highly qualified technical personnel can be employed at the group level and their services will be available to all the enterprises in the group. The possibilities of promotion for technical personnel would be improved as a result of the wider area covered by the employing unit. As enterprises in the group will be largely concerned with the same type of problems, common solutions to problems based on an interchange of experience will become possible and prove to be profitable. In matters like labour amenities, township construction, etc. common patterns can be used by all the enterprises thus saving designing costs to a considerable extent. (This may, however, be partially true for all enterprises in the public sector, and not only of enterprises in a particular group.)

An important advantage will be that in a rapidly expanding economy like India's, there will always be some project for constructing a new unit in the broad field of the group. The group being responsible for all units including new projects in that field will be able to build up a team of technical personnel, qualified and experienced, to design and construct new plants in that field of activity. Otherwise, persons engaged in the construction of one project begin to worry about their future when the project nears completion. Even if they are employed on operational work—and not all of them can be so employed—that is in some ways a waste of their experience and training, especially when we have to spend so much for obtaining foreign designing and construction engineers and for training our people abroad. If the new projects are organised as new independent

4. *op. cit.*

units this personnel may or may not be taken up as the officials in charge of a new organisation many times like to build up an entirely new organisation, with people directly chosen by them, and perhaps specially and freshly trained according to their ideas. With this uncertainty, construction engineers begin to look for other jobs even before the construction is over, as happened for example in the D.V.C. and also to some extent in the steel plants. If a group is responsible for the management of all State enterprises in a particular field of activity, and can plan its expansion programme well in advance, such a problem will not arise and teams of technicians for designing and constructing new projects in that sector can be successfully built up under it. The importance of a well organised and strong group is indicated by the experience of Hindustan Steel in this respect. As the headquarters organisation took time to build up and the decision about the fourth steel plant was delayed, the team of steel plant construction engineers that had been built up at Bhilai with a great deal of care and training expenditure, and which attained valuable experience of this work, could not be maintained intact and this was definitely a loss. Now, however, Hindustan Steel is going ahead with the task of building up a designs and construction team.

An extremely important advantage of such grouping will be that management could be entrusted to a group of experts working largely on a full-time basis. At present the system in most state enterprises is that there is only one full-time Director, who is generally the Managing Director or the General Manager (sometimes the Chairman), all the others being only part-time Directors. Some of them (including generally the Chairman) hold the position *ex officio* and the work relating to this enterprise forms only a very small part of their total sphere of activities. Most of them being 'generalist' administrators are not always sufficiently acquainted with problems of industrial management in general and management of any special type of industries in particular. Moreover, some of them occupy that particular post for too short a time to enable them to get a really close acquaintance of the industries on whose boards they sit. But as long as there have to be so many independent boards, it is obviously impossible as well as unnecessary to find enough qualified and experienced people to sit on all these boards on a full-time basis. But if the enterprises are divided into a few large groups, it will be possible and worthwhile to have each board composed of a majority of full-time members, expert in their field, some representing the various units (the General Managers or similar executives) and some, different functions (finance, personnel etc.), together with a few part-timers, chosen for their special knowledge and ability. The Board of the Group will then include the

best talent from all the enterprises in the Group, thus providing better incentive to the enterprise personnel, and also making better use of available technical and managerial personnel. Such a board will be more experienced, knowledgeable and effective as compared to a board consisting largely of part-timers, the majority of whom are full-time civil servants.

Another advantage will be that the Group management, standing in a superior position and able to draw on the experience of a number of similar units, can build up an expert team which can periodically review the functioning of each unit and, on the basis of their expertise as well as the knowledge about the methods used in other units and the results achieved by them, help improvements to be made in the various units under it. It could also build up a strong managerial team of trouble-shooters for the whole group, drawing on the best talent in the group, to be sent to the unit where special difficulties crop up. The advantage of the group system in this will be that the review as well as the clearing up will be internal to the organisation and will not be an extraordinary outside intervention and will thus bring about the necessary changes with the least disturbance to the units' normal functioning and the morale of the personnel concerned.

A question is raised in some quarters as to whether such a group should function as a part of the controlling ministry, the ministries being suitably reorganised for this purpose, or it should be an autonomous body. The U.S.S.R., for example, used to have till recently special ministries for different types of productive activities, and the trusts which were the controlling groups in each field were really parts of the respective ministries. In India, we are thinking of using in our Plans decentralisation, autonomous functioning of economic units and the price mechanism to a much greater degree than was or is the case in the U.S.S.R. Another important reason why such a group should not be a part of the controlling ministry is that the flexibility necessary for the day-to-day operation of a business enterprise cannot be easily introduced in an organisation like a Government ministry with long traditions of slow, rule-bound, functioning. Therefore, a better way of organising the group will be to have a company type of structure. The organisation can be in two forms. One alternative is to have only one company in the field—as has been done in the case of Hindustan Steel. This method has the disadvantage that in the case of a project which may lie between two broadly defined fields, both the groups concerned cannot participate in its development and control. A similar problem can arise, when a new unit is technically related to one group, but has some special relationship with another, as illustrated by the case of the fertiliser plant in

the Rourkela steel unit. In the holding company type structure, which is the other alternative, participation by both groups is possible, part of the share capital being provided by one group, and part by another. No one solution can be said to be uniformly suitable for all groups. Where more uniformity and centralisation is desirable, a single company with a number of production units under its control may be formed. Where diversification and greater autonomy to individual units is desired, the holding company form may be found better.

The grouping should be related largely to the technical process, the raw materials used, the nature of the final product, etc. Broadly, the categories should be,—chemical industries (to be later subdivided perhaps into heavy chemicals and others), steel production, coal mining, petroleum, sea and air transport, etc. An illustrative grouping of the main public sector enterprises in the industrial and mining field is given in the *Notes* at the end of the article.

(2) *The Unit and the Group*

The functions of the Group *vis-a-vis* the various units under it will vary somewhat according to the nature of the different units; if the units are basically similar, as for example, various mining pits under the National Coal Development Corporation, the individual units will be much more directly guided by the Central Board of the Group than if the units are somewhat diverse. In the latter case, the Central Group Board will carry out certain common functions and provide certain common services like control of capital investment, general technical supervision, research, training, some part of purchases and sales, public relations, development of new units or expansion of existing units etc., while the operational management will be left entirely to the unit, subject to overall policy directions issued by the Group Board. In the former, in addition to the above mentioned functions, a large part of the higher management would also be the responsibility of the Group Board, the individual units being only responsible mainly for day-to-day management. The situation can be considered similar to that of the National Coal Board in the United Kingdom in the former case and the Electricity Council or the (former) Transport Commission in the latter. To ensure that the requirements of the individual units are properly attended to, the full-time chief executives of the units should, as mentioned earlier, be members of the Group Board, together with a few functional experts and a Chairman.

If the Group is to carry out its policy making functions properly, it will have to build up an organisation capable of formulating policy and supervising and guiding its execution. The Group organisation may be small but it should be strong in expertise if it is to carry out

its functions properly. The full-time members of the Board, excepting those who are chief executives of individual units, should be such as can look after one or the other broad aspects of the functioning of the Group as a whole. To maintain liaison with the controlling Ministry, instead of appointing an official of the Ministry as director, an official may be permitted to attend Board meetings, but without voting rights.

In the case of a closely knit group, where individual units are not given any separate legal existence, the management may be left to one chief executive, the Managing Director or General Manager, who will be a member of the Group Board and thus belong to the top policy making body. The actual day-to-day management must be left to him. There may be a Board of Management for each such unit on lines similar to those already in existence in a few units in the public sector. It may consist of the chiefs of the principal divisions of the unit and be authorised to decide on all matters within the competence of the individual unit subject to a proviso that if the Managing Director or General Manager thinks that a certain majority decision is wrong, he may reserve the matter for the consideration of the Group Board. The Managing Director or the General Manager, as the case may be, must however be the actual operational chief, the heads of other departments being subordinate to him in matters of execution, even though they are his colleagues on the Board of Management.

In case the holding company type structure is considered suitable for any group, the problem will arise as to what the composition of the individual unit's Board should be. The best arrangement will be to have a board basically similar to that of the holding company. There should be a majority of full-time executive directors, each director being in charge of policy making in respect of one broad field of activity, the chairman being the chief executive. There may be one or two part-time directors who can contribute to policy making in some aspect due to their special knowledge and experience. It will be worthwhile to make a provision for a functional expert director of the parent company to be temporarily appointed to the board of a daughter company if the latter is in some special difficulties.

(3) The Controlling Ministry

The appropriate controlling ministry for a particular group of state enterprises will have to be specified after taking into account the general allocation of responsibilities among different ministries. As indicated earlier, common technological and other problems should determine the grouping of enterprises and the general allocation of functions between different ministries should govern the allocation of

these groups to them. That some ministry originally sponsored a particular project, or that it has special interest in the products of an enterprise, should not be the principal consideration in this allocation. Thus most manufacturing units will have to be under the Ministry of Commerce and Industry if it continues in its present form as one ministry (it is possible of course to split it into a Ministry of Commerce and a Ministry of Industries). Other ministries should control only such units as fall properly within their field; *e.g.*, the air corporations and the shipping corporations will be controlled by the Transport and Communications Ministry; but there is no special reason why the shipyard should be under the control of that Ministry; the automobile industry after all is controlled by the Ministry of Commerce and Industry. Similarly the units manufacturing Railway locomotives, coaches and wagons need not be under the control of the Railway Board. They can be under the control of the ministry controlling engineering industries and can have a contractual relationship with the Railways as their customer. A concentration of control of all manufacturing industry—public and private—in one ministry may necessitate the setting up of a special Ministry of Industries. This will be of considerable use from the point of view of effective and expert administration by the Ministry of this rapidly expanding and important sector.

NATURE OF GOVERNMENT CONTROL

Before we go on to examine the question of suitable machinery within the controlling Ministries and the Government as a whole for carrying out their control-functions, the question of the nature and purpose of this control may be briefly examined. The fact that we have accepted the principle of a planned economy indicates that no major economic unit in India, whether in the public or the private sector, can enjoy autonomy in its major decisions in the sense in which such concerns are expected to be autonomous in a non-planned economy like the U.K. or the U.S.A. Major decisions, like location of new units, expansion of existing units, price policy, wage and basic labour policy, are bound to be subject to a great deal of control and co-ordination in the interests of the overall national Plan. Therefore, analogies based on Public Corporations in the U.K. or U.S.A. are not very appropriate when we think of the autonomy of public enterprises in India. But the fact that no concern, whether publicly or privately owned, can escape a great deal of Government control also implies that in the internal day-to-day management of a concern, the managerial board should have largely a free hand; and this advantage should not be denied to a State enterprise merely because of State ownership. The idea that has sometimes been put forward that the managements

of State enterprises cannot be given the same degree of freedom regarding internal management as private enterprise managements are allowed to enjoy, because the former have no personal financial stake in the concern as the latter have,⁵ is based on a fallacious understanding regarding the nature of large private business concerns in the present era. Even in these, the direct financial stake of the directors in the sense of proportion of share capital held by them is not very large and it is generally tending to decline. The control exercised by the shareholders is also, except in a rare case of crisis of confidence, illusory. But still directors of good private concerns try to do their best to attain good results for the concern because of their love for good management, their interest in maintaining their reputation for sound management and thus continuing and expanding the positions of power that they occupy and also their interest in managerial remuneration which in one way or another is related to the efficiency of their management. These motives can be equally applicable to the managerial personnel of State Undertakings if they are properly organised. Therefore, the difference between publicly-owned and privately-owned units, regarding the degree of desirable control over them, should not be exaggerated as is many times done in India. No doubt there would be some important differences arising due to State ownership. The Government, in addition to the powers of control that it will possess in common over all sectors of the economy for Plan purposes, will also retain the powers that the shareholders or owners of a concern normally enjoy—appointment and dismissal of the Directors, sanctioning capital expenditure over certain limits, deciding on the appropriation of net revenues, etc. It may also be legitimately expected by Government that State Undertakings should not only abide by the letter of the law but also carry out in proper spirit the policies that have been generally indicated in matters like labour relations, labour participation in management, labour welfare, improvement of productivity, etc. and therefore the Government must continue to enjoy the power of giving directives on such matters of broad policy. The Plan, the Company law and other statutes, the Articles of Association and directives should all be considered as providing the basic framework within which the enterprise management is expected to function. The laying down of such a framework cannot be considered as detracting from the autonomous character of the enterprises; for autonomy is not the ultimate objective but merely an instrument to provide the necessary flexibility for efficient management. But this instrument is important and without it efficiency of management is bound to suffer.

5. e. g. see A. K. Chanda, 'The Role of the Comptroller and Auditor General,' *Commerce, Annual Review Number*, 1956.

This necessary autonomy may be denied to the enterprises because of Ministers, Secretariat officials or Members of Parliament not realising that their task is not to manage but merely to lay down the framework within which the management is to function, appointing as good a team for management as they can find, reviewing the results from time to time and, if necessary, taking corrective action. The management should be judged by its success in carrying out the tasks laid down for it; and it should be left free to carry out its functions within the given framework without interference or questioning about every detail of its work. It is necessary to emphasise this point because it seems to this writer that too much attempt at control by the Government and too much questioning by legislators is causing serious harm to the flexible operation of Indian State enterprises.

The appointment of mainly full-time Boards of Directors for groups on the lines indicated earlier can help the enterprises to enjoy the required degree of autonomy. In form, the powers of control reserved by Government under the various statutes or articles of association do not generally go beyond the limits that have been indicated above as proper. But the fact that a majority of the Directors are secretariat officials means that, in practice, the Government—not only the controlling ministry but also at least the Ministry of Finance and sometimes some other ministries or departments—is involved in the managerial decisions of the enterprise. While the situation no doubt varies from enterprise to enterprise, many of the persons directly in charge of management do feel that their Directors, instead of being ‘insiders’, are ‘outsiders’ from whom it is not easy to obtain an appreciation of the problems and needs of management. This is not specially the fault of the particular persons appointed as Directors; with all the goodwill in the world, a person whose main job is in the Secretariat cannot shed the whole tradition of his service and the routine of the organisation in which he is working, just because once in three months he attends, mostly in the company of other civil servants, a meeting of the Board of a Government Company and just because it is called a ‘Company’ and he is there as a ‘Director’! A Board having a majority of full-time Directors, and no Secretariat officials as even part-time Directors, would have a real chance of enjoying, *de facto*, the internal management autonomy that, *de jure*, the enterprises are already supposed to enjoy.

The problem of the formal delegation of powers is too large to be adequately discussed here. Only two points may be briefly made. One is that once a really good Board with experienced, competent and trustworthy directors is appointed, the approach should be that they

should have to go to the Government for sanction only regarding really big issues. The delegation of powers regarding sanction of capital expenditure or appointment of staff both from Government to the Board and from the Board to the Chief Executive seems to be inadequate today even in the case of a giant concern like Hindustan Steel. *Two*, the idea that formal issue of directives is in some way an indication of lack of confidence or censure of the Board should be clearly set aside. Directives are essential especially when the management is being asked to pursue a policy which, left to itself, it would not adopt and which, it is afraid, may affect its efficiency, at least as judged by normal standards, adversely in some way. The issue of a directive helps to fix responsibility squarely on the shoulders of the Government and this is always useful. This does not mean that there would be no informal consultations between the Minister, Secretariat officials and the Directors of the enterprise. But even our short experience has taught us how dangerous it is not to have a system of relations between an enterprise and the Government which clearly demarcates lines of authority and responsibility. Once a tradition is established that an enterprise management can ask for a directive when the Government wants it to pursue a policy which it considers undesirable for efficient management, wherever there is no written directive, it will not be possible for the management to evade responsibility by alleging ministerial and secretariat pressure.

ORGANISATION FOR CONTROL AND REVIEW

It has been mentioned earlier that review of the working of an enterprise is an extremely important control function of the Government. The first necessity for this is to lay down a proper form for the annual report and annual accounts of each enterprise. Besides such annual returns, quarterly returns are also asked for. But if these returns are to be effectively used for control, the controlling ministry will have to build up a small expert cell for carrying out a continuous examination of these reports and returns and inform the minister of their findings.

While the detailed policy directives to be issued to each enterprise will, to some extent, have to be tailored to suit the particular circumstances of the case, certain general principles will have to be considered for the public sector as a whole. These will include among others—salary policy for chief executives and other senior officials, contracts and agreements for foreign collaboration, investment policy, price policy, policy regarding labour participation in management and other matters like wages, bonuses, amenities, etc. Large differences

in the principles of policy pursued in these respects by various enterprises will lead to difficulties. At present there is a Co-ordinating Committee of State Undertakings under the Commerce and Industry Ministry. This is a useful device to bring together officials of the various ministries concerned as well as the chief executives of enterprises for discussion on important matters. In addition to this Co-ordinating Committee for all public sector enterprises, it will probably be useful to have Regional Co-ordinating Committees which bring together representatives of public sector units in a particular region. Such a committee already works, though largely informally, in Bangalore, where the representatives of three out of the four Central government undertakings located there come together to discuss problems of common interest. With the expansion of the public sector units in various other localities and regions, such committees may usefully be brought into existence in other places. The most important problem for such committees to discuss would be that of wage-rates for unskilled and semi-skilled labour and salary scales of clerical staff who would all be mainly local people. Other problems of common interest would be availability of commonly required raw materials, transport situation, etc. It may also be possible gradually to develop certain common services like local transport, purchases, training schools and even common housing colonies, etc.

Obviously, such co-ordinating committees could only co-ordinate matters which lie within the competence of the managements concerned. They could usefully discuss various larger problems too. But for a common policy to be properly arrived at, a special Committee of the Cabinet consisting of the Ministers controlling various state enterprises and also the Finance Minister (if he is not already included) and a similar Committee of Secretaries of these ministries, meeting regularly, is essential. While each ministry will have its cell for reviewing the working of the enterprises under its control, it is also necessary to have a special section in the Cabinet Secretariat for reviewing the general policy regarding the working of enterprises in the public sector. This will provide the expert assistance necessary for the Cabinet Committee and Secretaries' committee.

In addition to the machinery mentioned above, it seems necessary to have a Central Review Board for public sector enterprises on lines similar to the Public Undertakings Audit Board established in France. The difference should be that unlike in France, where this body seems to have taken too much of the character of a second auditor because of the predominance of the accounting approach in its actual functioning, our aim should be to make it a body which can carry out a review of the technical and managerial as well as accounting aspects of the

enterprise. Such a Board will reduce the suspicion that many times exists, especially in the minds of Members of Parliament and the general public, that considerable inefficiency and misdeeds are covered under the cloak of autonomy of public enterprise. A permanent body like this can gradually build up an expert staff for carrying out its functions. It will carry out a periodical review of each state undertaking, both its current functioning and future plans being subjected to examination. It should be possible to examine each undertaking once in five years. Such a regular examination at not too frequent intervals will not disturb the management much and help the Government as well as Parliament and the public to obtain an outside opinion on the working of an undertaking. The undertaking itself will benefit from such an expert examination. The report should be made available to Parliament subject to omission of certain parts which, in the interests of good management, may be kept confidential. Perhaps, this organisation may also be asked to provide necessary expert assistance to the proposed Parliamentary Committee on State Undertakings.

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It seems necessary to make it clear that the suggestions made above relate to the requirements in the immediate future and have been formulated after taking into account the development of the public sector up to now and its expected growth in the Third Plan period. It can be easily seen that the pattern of organisation suggested here may have to be modified in various ways with the further expansion of the public sector in the future. To give one example, one group company to manage all public sector steel plants would probably work all right as long as the number of such plants does not exceed five or six; but if the number increases further—and it is bound so to increase if the target of 18-19 million tons is to be realised by 1970-71—the situation will change considerably and some significant modification in the form of organisation may have to be devised. One cannot say at this stage whether the modification will take the form of regional groupings or something else. Similarly, the creation of Group companies and the appointment of largely full-time boards of directors would be worthwhile for most manufacturing and mining units in the public sector; but there may be an occasional unit, starting in quite a new field, where some other system might work better. It is obviously not intended that these measures will be of universal application. On the other hand, a stage has now been reached when on the basis of the experience gained up to now, certain conclusions applicable to most cases can be reached and put into execution. While experimentation and diversity have their merits, they can be carried too far.

NOTES

An Illustrative Structure of Groups, Sub-groups and Units

- (1) Chemicals :
Sub-groups (subsidiaries)—
 - (a) Fertiliser group—
Fertiliser Corporation as now formed and Rourkela Unit (in association with Hindustan Steel).
 - (b) Drugs and Pharmaceuticals—
Pimpri antibiotics unit, and the new drug units.
 - (c) Other Units—
Organic chemicals, Photo films, Nepa Mills, etc.
- (2) Hindustan Steel :
as now constituted.
- (3) Engineering :
Sub-groups—
 - (a) Heavy Engineering Corporation.
 - (b) Heavy Electricals.
 - (c) Hindustan Shipyard, Chittaranjan Locomotives, proposed automobile plant.
 - (d) Machine Tools (HMT, Praga Tools, Prototype factory).
 - (e) Aircraft.
 - (f) P and T Workshops, cables, Bharat Electronics, Telephone Factory, Teleprinter Factory, Scientific Instruments Factory.
- (4) Coal :
Sub-Groups—
 - (a) National Coal Development Corporation;
Singareni Collieries.
 - (b) Neivelli Lignite Corporation.
- (5) Oil :
Sub-groups—
 - (a) Prospecting; and oil wells—Crude.
 - (b) Indian Refineries Ltd.
 - (c) Indian Oil (Distribution) Co.
- (6) Shipping Corporation of India
(as at present under way).
- (7) Airlines :
Sub-groups—
 - (a) Indian Airlines Corporation.
 - (b) Air-India International.



THE INTERNATIONAL CIVIL SERVICE : A SHORT SURVEY OF THE LITERATURE

Peter Lengyel

Ever since the days of the League of Nations, the International Civil Service, as a new and rather strangely cross-bred profession with an ambiguous legal status and a variety of novel problems, has attracted a great deal of comment. Nearly every book on the League, the United Nations, or the Specialized Agencies—and there has been a flood of them—contains a chapter or two on the respective Secretariats of these organizations. Although these sections are often soundly succinct and occasionally even contain stimulating ideas, it is not the present intention to discuss them, this round up being devoted solely to writings in English or French, which are exclusively concerned with the International Civil Service as such.

Several things might be pointed out in a general way concerning this body of literature. In the first place, the best source-material is that which concerns the experience within the League of Nations; the confidential files of the United Nations and its Specialized Agencies have not, for obvious reasons, been available to scholars. But even for the League there is a comparative shortage of the type of material which often contributes significantly to full and lively political science studies, that is to say, the memoirs or private diaries of leading figures within the Secretariat. Discretion and effacement being one of the necessary qualities of successful international civil servants, it seems that most of them have carried these virtues beyond their tenure of office and have shied away from the publication of the kind of informal account which

could add colour to carefully balanced considerations of principle and practice as these can be reconstructed from records and experience.

Hence, the literature concerning the International Civil Service tends to be curiously impersonal and even somewhat abstract.

Secondly, attention has been almost exclusively focussed on world-wide organizations such as the League and the United Nations. There is very little on regional organizations like, for example, the Organization of American States, the Organization of European Economic Co-operation, or on the peculiarities that might be exhibited by the decentralized subsidiaries of world organizations, such as, for example, the Regional Economic Commissions of the United Nations, or the field offices of the specialized agencies, or even individual international functionaries on field assignments, despite the increasing importance of such outposts and individuals. It would be interesting to know more about possible differences between headquarters and field offices, between fully and partially international civil services and also to determine whether the objectives of a given body of functionaries—whether military, political, economic or otherwise—makes any significant difference to its morale, internal administration and status. What is still awaited in a really full-scale study of the psychological, moral and social problems posed by the international career which would devote attention to all the many strains and stresses produced during prolonged assignments at duty stations with

powerfully assimilative or, on the contrary, powerfully exclusive social tendencies where individual functionaries might either find themselves getting further and further away from their own cultures or where they might suffer from prolonged isolation. Several books, notably A. Loveday's *Reflections on International Administration* (Oxford University Press, 1956) contains excellent chapters on morale and allied topics, but they do not, and cannot in view of their scope, penetrate profoundly into what is now perhaps becoming one of the key areas of an as yet unresolved perplexity about the international career. Lastly, it might be mentioned that certain topics concerning the International Civil Service have received what might be regarded retrospectively as a disproportionate share of attention; this is particularly true of the whole complex of questions surrounding its legal status, privileges, and immunities. The time has now come when new ground needs to be broken in different directions.

Amongst the comprehensive studies, the most complete and detailed is undoubtedly Egon F. Ranshofen-Wertheimer's *The International Secretariat—A Great Experiment in International Administration* (Washington, Carnegie Endowment for International Peace, 1945), a work which summarizes in an authoritative way the entire experience of the League of Nations including questions of leadership, structure, administration, adaptation to changing needs and conditions, external relations, public opinion, financing and housing, allegiance, conditions of service, as well as general appraisals and evaluations of this ill-starred attempt to give shape to a noble ideal. Loveday's *Reflections on International Administration* (already mentioned) which is less exclusively based on League experience and includes a

good deal of material concerning the United Nations and its Specialized Agencies, is in many ways perhaps the most stimulating general work available today. It contains sections on the characteristics of the life of international officials, the special features of their work and the qualities required therefor, the maintenance of morale, problems of administrative dispersion, research and finance, which are unique. T.C. Young's *International Civil Service: Principles and Problems* (International Institute of Administrative Sciences, Brussels, 1958) is a competent and orthodox run down on all the main themes, which springs no surprises. Amongst short contributions in the general way, one might mention the two pamphlets put out by the Royal Institute of International Affairs, London, in the *Post-war Problems* series: *The International Secretariat of the Future, Lessons from Experience*, by a group of former officials of the League of Nations (London, 1944) and *The Internal Administration of an International Secretariat, Some Notes Based on the Experience of the League of Nations* by Chester Purves (London, 1945). Georges Langrod has published a variety of articles on the International Civil Service of which perhaps "Problèmes fondamentaux de la fonction publique internationale, (*Revue Internationale de Sciences Administratives*, Brussels, 1953, No. 1) is the most comprehensive. C.W. Jenk's "Some Problems of an International Civil Service" (*Public Administration Review*, Spring, 1943) contains a number of interesting generalities, as does W. R. Crocker's "Some Notes on the United Nations Secretariat" (*International Organization*, November, 1950). My own "Some Trends in the International Civil Service" (*International Organization*, No. 4, 1959) is an attempt to summarize the debate on several live issues and to argue the case for a

certain approach to the International Civil Service's current needs and problems.

As already mentioned, there is a wealth of material on legal and allied questions. The pioneering work in this field is by Suzanne Basdevant (Madame Bastide) *Les Fonctionnaires Internationaux* (Paris, Sirey, 1931). More recently the same author has published "Le statut juridique des fonctionnaires de l'O.N.U." in *The United Nations : Ten Years' Legal Progress* (The Hague, 1956). Martin Hill's *Immunities and Privileges of International Officials, The Experience of the League of Nations* (Washington, The Carnegie Endowment for International Peace, 1947) is a full-scale treatment of this theme. Within the last seven years, the question of "loyalties" of international functionaries (that is to say, their political acceptability to governments in power in the countries of which they are citizens), has been accorded much prominence; a full account of the so-called United States loyalty investigations and their impact on the United Nations Secretariats can be found in Mohammed Bedjaoui's *Fonction Publique Internationale et Influences Nationales* (Stevens, London, 1958) which also contains a very up-to-date treatment of certain other questions touching the conditions of service, privileges and immunities, salaries and administrative appeals procedure open to international functionaries. M. Cohen's "The United Nations Secretariat" (*American Journal of International Law*, July, 1955), S. M. Schwebel's "The International Character of the Secretariat of the United Nations" (*British Yearbook of International Law*, 1954) and F. Honig's "The International Civil Service" (*International Affairs*, April, 1954) as well as a novel by H. Steinhouse entitled *The Time of the Juggernaut* (New York, Murrow, 1958)

also deal in various ways with the loyalty issue.

Details concerning the highest international offices and their incumbents are hard to come by, but some revealing material does exist. E.J. Phelan's *Yes and Albert Thomas* (London, Cresset Press, 1936) is an admiring portrait of the first Director-General of the International Labour Organization. S. M. Schwebel has written a study on *The Secretary-General of the United Nations : His Political Powers and Practice* (Harvard University Press, Cambridge, 1952) which is now unfortunately somewhat dated. The book by the first Secretary-General of the United Nations, T. Lie's *In the Cause of Peace* (New York, Macmillan, 1954) is oddly oblique and rather less revealing as a document than might have been hoped.

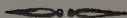
Lastly, it is worth referring to some works dealing with training and recruitment policies for international functionaries. Amongst these, the most valuable are G. Weiss' "Training: an International Civil Service" (*World Affairs Quarterly*, London, Vol. 20, January, 1945), A. Plantey's *La Formation et le Perfectionnement des Fonctionnaires Nationaux et Internationaux* (International Institute of Administrative Sciences, Brussels, 1955) and P. Jessup's "University Preparation for International Administration" and S. Bjorklund's "Training for International Civil Service," both in the *Columbia Journal of International Affairs*, (Spring, 1948).

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There can be little doubt that the International Civil Service is a rising profession, both by the number of its practitioners and by the influence it wields. It is also a profession that is immensely diverse, being composed not only of

administrators and bureaucrats but also of specialists and technicians in practically every field, of career officials and experts on short contracts, of people from widely different national, cultural and social origins and of working units which vary in size from a single man in a jungle village to over four thousand functionaries in a New York skyscraper. Many interesting ramifications of such diversity and complexity remain as yet to be fully explored and systematically documented. It is perhaps not an unfair comment on the existing literature to say that it tends to be too retrospective and gives at once insufficient guidance for the

conduct of daily affairs under ever more challenging modern pressures, and too schematic a picture of what is—and must remain—an almost acrobatically flexible profession. The analogy between a given national civil service and the international civil service is, in numerous respects, becoming less and less apt; what can be taken for granted on the national level often becomes a major problem on the international one, and vice versa. This means that there is plenty of scope for enterprising and imaginative scholars to extend, improve and keep up-to-date the literature on the international civil service, as a vital and striving body.



CORRESPONDENCE

EFFICIENCY AND ITS EVALUATION IN PUBLIC ENTERPRISES

The Editor,
I.J.P.A.

Sir,
I read with great interest Dr. Prasad's article : Efficiency and its Evaluation in Public Enterprises, in the Jan.-Mar. '61 issue of your esteemed *Journal*.

The main difficulty in evaluating efficiency of public enterprise arises because the public is not satisfied only with the efficiency and adequacy of the end-product of an enterprise but is also concerned about the way in which the results are obtained. For example, the public is also interested in seeing that a sufficiently high standard of working conditions is maintained in public enterprise, retrenchment is not effected ruthlessly, maximum use of indigenous material and personnel is made, and other social returns are obtained. If along with these the public insists on correlating the profitability and efficiency it would be unfair to the enterprise.

Profits, however, are often mentioned as the test of efficiency. There is, therefore, a great need to educate public opinion and also of presenting in a clear-cut way the economic as distinct from the social performance of an enterprise. The responsibility for this lies on the enterprise as well as on the Government. Endeavour should also be made in the academic and parliamentary discussions that economic efficiency and social efficiency do not get mixed up.

The enterprises should evolve objective criteria of the measurement of performance, based on quantitative indicators relating to output and cost of production etc., to protect themselves against

irresponsible criticism. Expenditure incurred on social considerations should, as far as possible, be shown separately. This is not very difficult to do. Under usual cost accounting methods, abnormal wastages of materials and abnormal idle time, for instance, are excluded from the production cost; such losses go directly to the Profit and Loss Account. In the same way, losses incurred on social grounds as of retained surplus labour or from purchasing indigenous raw material or manufactured goods of a lower quality as compared to the imported one, or even from uneconomic location of the industry could be estimated and excluded from the cost of production. Though such estimates will not be more than intelligent approximations in many cases, it would provide a reasonably satisfactory index of production efficiency. It would boost the morale of those operating the enterprise as well as make it easy to hold them responsible on the basis of a measurable performance, and it will also be consistent with the spirit of democracy as social expenditure will be separated from the economic expenditure, for *all to see*.

At many places, however, the effects of social policies pursued by an enterprise may be inextricably interwoven with the economic policies. The best that can be done in such circumstances is to indicate such effects and to publicize the whole situation.

The Government has also the responsibility to bear the social expenditure incurred by an enterprise as a result of governmental policies. If an enterprise is established in any backward area, the

overheads involved in, e.g., securing water, power and transport facilities, and in providing accommodation and staff amenities become very heavy. These costs could not be reasonably charged to the enterprise. A reasonable proportion of such costs should be borne by the Government.

One practical difficulty requires mention here. A large number of public enterprises in India do not possess any developed system of costing. In its report on the Hindustan Steel Ltd., the Estimates Committee observed in 1959: 'Time and again the Committee have emphasised the need for a well-trained and well-staffed cost accounting organisation in industrial undertakings to serve as an efficient tool of financial and managerial control. They reiterate that early steps be taken to establish such organisation in three steel plants...' True, the cost accountant and the statistician are a scarce resource in the country, but the costing organisation is a 'must' for any industrial enterprise worth its name. It is doubly important in public enterprise as it provides the most important criterion by which management could be judged by higher authorities.

According to Paul H. Appleby, to judge the overall efficiency one is to find out how far public enterprise is able to ensure values which help to preserve the country as a nation and second, how far it provides the public satisfaction. This twin test of efficiency does not of course exclude the application of modern management techniques for securing efficient production. Though the criteria of national survival (cf. the survival of the firm in private enterprise) and citizen satisfaction are very much immeasurable, they come closest to the generalist character of Parliament. It is only here that Parliament can play its role of criticism, general appraisalment

and evaluation and of influencing the decisions of those who administer these enterprises, in the most effective way.

* * *

An altogether different view is presented by the Herbert Committee (an undiluted Tory view) on the nationalised electricity industry in the U.K. In the Committee's view, in the interest of efficiency a nationalised industry should behave purely as an economic entity; all non-economic considerations should be taken away from its purview. If in the national interest some course other than a purely economic one is to be followed, it is for the government and not for the industry on its own, to require that course to be adopted. Such reasoning is manifestly wrong. Even in private enterprise business policies are influenced by various non-economic considerations. A public enterprise as an instrument of governmental policies will have to implement national policies much more closely and sincerely. The members of the board of a public enterprise do not act in isolation. It would be absolutely unrealistic to suggest that they can afford to be blind and deaf to all considerations and reactions of their policies other than purely economic ones. If, however, the Government's policy comes into conflict with the enterprise's obligations it should request the Government to give a policy direction in the matter and if necessary, the Government may also subsidize the loss. Such a course will be necessary to avoid any possible future criticism and misunderstanding.

To illustrate, justifying the investments made by the L.I.C. in certain Mundhra Group industries, Mr. H. M. Patel deposed before the Chagla Commission that 'those companies were occupied for several years ahead on orders vital to the Plan', or, 'it

was an industry that was expected to develop as a part of the Plan', or, that the investment was necessary to stabilize the Calcutta Stock Exchange. The crucial question here is : How far the enterprise was justified in serving a national policy without specific instructions from the Government? As Justice Chagla also asked : Was it a part of the Corporation's duty to have considered these factors? The answer is 'no' if the extraneous considerations go against the main obligation of the enterprise which in this case was security and adequate return on the investments made.

* * *

Dr. Prasad has suggested two aids to efficiency measurement—an Internal Efficiency Unit for each enterprise and an Efficiency Audit Bureau for all enterprises.

The Internal Unit, it is claimed, will point out divergencies between policy and execution, along with its reasons and thus serve as 'guides to management for effecting continuous correction and achieving a state of efficient functioning.' In fact the unit as envisaged does not even fully cover the whole array of modern management techniques of forecasting and planning, budgeting, setting of standards, operational accounting, production accounting, reporting to the management, internal audit etc. These methods of management, discussed in many standard works on the subject, are of utmost importance for securing efficiency of operation in any industrial enterprise. In many of our public enterprises even adequate cost-consciousness is lacking. The first need is to have an efficient costing system before one could recommend the use of these advanced techniques of the science of management.

The need for an Audit Bureau with a separate statutory status and under a separate auditor general has not been fully justified by Dr. Prasad. It is not at all clear why the Director of Commercial Audit cannot take up the work envisaged of the Audit Bureau. (Dr. Prasad himself in a footnote agrees that this can be.)

* * *

At present there is a spate of suggestions for appointing autonomous board, bureau, committee or commission for evaluating the work of public enterprises, to provide them guidance in policy decisions, to act as a clearing-house of knowledge and experience about public enterprises etc. One of the much discussed suggestions of appointing a parliamentary select committee has been accepted by the government. The select committee, it is reported, will be on the pattern of the Joint Committee of the United States Congress and not one on the U.K. pattern. This means that the committee will be able to employ its own expert staff to help it to investigate the affairs of public enterprises. The committee would also provide a channel of information and communication between the enterprise and the public and Parliament. In addition to other functions, it will also make an 'assessment of performance keeping in view the long term trends and general national needs', a function Dr. Prasad wants to be assigned to the independent Efficiency Audit Bureau.

We must wait to allow the parliamentary committee to come into existence, and allow further time to judge the effectiveness and the scope of work of such a committee.

Yours faithfully,
LAXMI NARAIN

Delhi,
14th Oct., 1961.

RECENT DEVELOPMENTS IN PUBLIC ADMINISTRATION

(I) INDIA

The Chief Ministers' Conference held at New Delhi from 10th to 12th August, 1961, accepted the principle of creating All-India Services for Medical, Forestry and Engineering, subject to detailed schemes being sent to State Governments for their consideration.

The Government of India has decided to increase the probationary period for entrants to the I.A.S. from one year to two years. A probationer shall be discharged if he is found lacking in qualities of mind and character needed for the I.A.S. or the constructive outlook and human sympathy needed in the public services generally. Officers from the State services recruited to the I.A.S. will, however, be on probation for a year only, because by the time they are promoted they have put in several years in the field.

A Central Cost Accounts Pool has been set up. It consists of cost accounts officers, temporary and permanent, in the Ministry of Finance and the Tariff Commission. The Pool has five categories of officers—Chief Cost Accounts Officer (Rs. 1600-100-2000); Senior Cost Accounts Officers (Rs. 1100-50-1400); Cost Accounts Officers (Rs. 700-40-1100-50/2-1250); Assistant Cost Accounts Officers (Rs. 590-30-830-35-900) (Ministerial); and Cost Accountants (Rs. 270-15-435-EB-20-575) (Ministerial). Future vacancies will be filled partly by promotion and partly by direct appointment. The post of Chief Cost Accounts Officer will always be filled by direct appointment.

The Mysore Local Government Service (Panchayat Secretaries

Branch) (Cadre and Recruitment) Rules, 1961, provide for the creation of a separate cadre of Panchayat Secretaries as a branch of the Mysore Local Government Service. The cadre consists of three Grades in Class III service : Grade I—Rs. 100-5-140-6-170-10-200; Grade II—Rs. 80-3-110-4-130-5-140; and Grade III—Rs. 65-1-70-2-90.

The Government of Punjab has relaxed the age limit for men and women teachers for entry into Government service up to 35 and 40 years respectively, for one year in the first instance.

The Mysore High Court, disposing of a batch of seven writ petitions, has quashed the notification of the Mysore Public Service Commission, of May 22, 1961, announcing the names of the successful candidates in the competitive examinations held by the Commission for the purpose of making appointments to the posts of Munsifs in the Judicial service of the State. The notification was impugned on the ground that the rule made by the Governor under Article 234 of the Constitution of India did not prescribe the criterion by which the success of a candidate should be determined, and it was not open to the Commission to prescribe for itself a criterion not found in the rules.

* * *

The Government of Mysore has set up a committee, with the Chief Secretary as Chairman and three other Secretaries to Government as members, to study the existing administrative machinery and suggest ways and means of improving it, in particular for simplification of

office procedures and system of noting to avoid delays, decentralisation of powers, and delegation of authority at all levels.

* * *

The Government of India has raised the salary of the four Principal Staff Officers at Army Headquarters and three Corps Commanders, all of whom have the rank of Lieutenant-General, from Rs. 3,500 p.m. to Rs. 4,000, which is equal to that of the three Army Commanders.

The pay scales of the Indian Police Service have been revised. The junior scale will be Rs. 400-400-450-30-600-35-670-EB-35-950 as against the existing scale of Rs. 350-350-380-380-30-590-EB-30-590-EB-30-770-40-850 plus dearness allowance. As against the present senior scale of Rs. 600-40-1000-1000-1050-1050-1100-1100-1150 plus dearness allowance, the revised senior scale will be Rs. 740-40-1100-50/2-1250-50-1300. The present selection grade of Rs. 1,250 will increase to Rs. 1,400. The Deputy Inspector-General of Police, whose existing scale is Rs. 1450-50-1650 will get Rs. 1600-100-1800. The Commissioners of Police in Calcutta and Bombay will get Rs. 1800-100-2000. The Inspectors-General of Police who are, except in Mysore, in the scale of Rs. 1850-100-2250, will now draw Rs. 2,250 (fixed). The Director of Intelligence Bureau will receive Rs. 2,750 as against the existing salary of Rs. 2,500.

The Central Government has accepted the Pay Commission's recommendation that the industrial employees, on being made permanent, should be brought under the pensionary scheme.

The Government of Bihar has decided to set up a Pay Revision Committee to enquire into the present scales of pay and allowances in all branches of State Services and

to make suggestions for their revision with a view to bringing about rationalisation, simplification and uniformity to the fullest extent possible and to consider whether the dearness allowance should continue as such or should be merged in part, or in full, in the revised scales of pay.

The West Bengal Pay Commission has recommended reduction in the number of pay scales from about 143 to 32; merger of local allowances or complete withdrawal; a scale of Rs. 60-75 for those now receiving Rs. 57-62 and of Rs. 125-200 for the lowest paid clerical staff now mostly receiving Rs. 100-180, as total emoluments inclusive of dearness allowance; and a modest raise in the scales of pay of West Bengal Civil Service, Engineering Service, Education Service and Agricultural and Veterinary Services.

* * *

The Government of Andhra Pradesh already permits Government employees to join evening colleges, subject to certain conditions. It has extended this concession to joining of evening schools provided that the Government employee obtains the permission of the Head of the Department and the attendance at the school does not in any way interfere with or be to the detriment of his official duties.

* * *

The Government of India has constituted an 18-member Working Group to examine the question of the relationship between the village co-operatives and the panchayats and their higher tiers.

The Government of Mysore has issued instructions regarding the role of Development Officers in the Districts in the context of Panchayati Raj under which several developmental functions have been transferred to the Taluk Board and the Panchayats.

With the introduction of Panchayati Raj and the abolition of the posts of Divisional Commissioners, the Rajasthan Government has redefined in clear terms the role of the District Officers (Collectors) and Officers of the other Government Departments, specially those working at the district and regional levels. In order to relieve the District Officer of some work relating to maintenance of law and order and collection of revenue, the functions of the Additional Collector have been enumerated in greater detail.

* * *

The Government of India has constituted an 8-member special study group to report on the progress, in the field of Co-operation, made by the "Backward Classes", particularly the Scheduled Tribes, under the First and Second Five Year Plans and to suggest how the "Backward Classes" can be helped to derive full advantage from the development of Co-operation under the Third Plan.

It has been decided to set up a unit in the Planning Commission to deal with the development of backward areas. The unit would not merely function as a study group, collecting and collating information about backward areas but would also pursue the implementation of various development schemes in these areas.

The State Government of Andhra Pradesh has set up a committee to enquire into social, economic, cultural, and moral conditions of the tribes inhabiting the plains in the State with a view to including some of them under the category of Scheduled Tribes.

The Kerala Government has constituted a committee to assess the work done in the State in connection with the uplift of the Scheduled Castes, Scheduled Tribes and other

Backward Classes during the First and Second Five Year Plans.

* * *

The Government of India has set up a National Council of Educational Research and Training to undertake, aid, promote and co-ordinate research in all branches of education; to organise pre-service and in-service training mainly at an advanced level and in collaboration with the State Governments and other authorities and agencies concerned; and to organise extension services for such institutions in the country as are engaged in educational research, training of teachers or provision of extension services to schools.

The Madhya Pradesh Government has set up an Agro-economic Studies and Research Division, in the State Directorate of Economics and Statistics, with a view to initiating diagnostic studies and research projects in the various fundamental problems of agricultural economy during the Third Plan period.

In pursuance of the recommendation made by the Direct Taxes Administration Enquiry Committee, the Central Government has decided to constitute a Direct Taxes Advisory Committee to advise Government on measures for developing and encouraging mutual understanding and co-operation between the taxpayers and the Income-tax Department and on measures for removing administrative and procedural difficulties of a general nature.

The Governments of Bihar and Maharashtra have set up Co-operative Farming Advisory Boards for the planning and promotion of co-operative farming.

* * *

The National Integration Conference, convened by the Prime Minister, met in New Delhi from the 28th September to the 1st October.

It underlined the need for a re-orientation and re-organisation of education as also an improvement in its quality and the development of a sense of discipline, tolerance and responsibility, for fostering a national feeling and the inculcation of a sense of Indianness through the teaching of history and other subjects. Other important recommendations of the Conference were : taking effective steps to implement the commonly accepted principle concerning the right of the linguistic minorities to have instruction in their mother tongue at the primary stage of education; at the secondary stage of education where the mother tongue formula could not be fully applied, the instruction to be given in the regional language or, where certain circumstances prevail, in any other language mentioned in the Eighth Schedule of the Constitution, or in English; the textbooks to be written on a national rather than State or regional level; the necessity of the study of English at the level of post-graduate study and research and as a medium of national communication; a high priority to be given in national and State plans to rapid economic development of the economically backward States and backward regions in any State, the removal

of all barriers to the free movement of skilled labour and managerial personnel between the different States, and greater economic development in rural areas and greater decentralisation and dispersal of economic activity; abstaining by political parties from indulging in any activity which would aggravate existing differences or create mutual hatred or cause tension between different castes and communities, religious or linguistic; the establishment of a National Integration Council to review all matters pertaining to national integration and to make recommendations thereon; and steps to be taken by the National Integration Council to evolve codes of conduct for the general public, students and the press, and also the code of conduct to be observed during the forthcoming general elections, and early consideration by the Council to the setting up of a machinery for the examination and redress of grievances of minorities.

Some participants urged that in the interest of greater uniformity and cohesion of policy, education should be made a concurrent subject, or at least, for administrative purposes, an All-India Educational Service should be constituted.

(II) ABROAD

The Group appointed by the Chancellor of the Exchequer in 1959, in the U.K., under the chairmanship of Lord Plowden, in its recent report on the Control of Public Expenditure, recommends four principles for the reconstruction of the system of control of public expenditure. It urges regular surveys to be made of public expenditure as a whole, over period of years ahead and in relation to prospective resources, with the decisions involving substantial future expenditure taken in the light of the

surveys. Other principles of reconstruction are : greatest practicable stability of decisions on public expenditure, when taken; improvements "in the tools for measuring and handling public expenditure problems"; and more effective machinery for the taking of collective decisions and the bearing of collective responsibility by Ministers in matters of public expenditure. The Report concludes that the present tendency of Government expenditure decisions to be taken piecemeal—on the merits of

the particular proposal rather than upon the competing claims on present and future resources—needs to be changed.

The Select Committee on Nationalised Industries in the U.K. has, in its report on the gas industry, recommended that reduction of about 30 per cent in costs must be made quickly and on a large enough scale

to make an early effect on the average national price of gas. Of methods of ensuring that the structure of the industry is right, the Committee prefers the introduction of a thirteenth board (there are now 12 area boards) with powers and responsibility for the generation of gas by large-scale processes and for its distribution.



INSTITUTE NEWS

Shri Jawaharlal Nehru, Prime Minister of India, was unanimously re-elected President of the Institute for the year 1961-62 at the Seventh Annual Meeting of the General Body held on August 26.

The Executive Council, at its forty-second meeting held on the 27th August, re-elected *Shri V.T. Krishnamachari* as its Chairman for 1961-62. The Council re-co-opted *Shri N.V. Gadgil*, *Shri L.K. Jha*, *Shri Vishnu Sahay*, and *Shri L.P. Singh*, and co-opted *Shri Asoka Mehta* as Members of the Executive Council. The Council re-appointed *Shri V.T. Krishnamachari*, *Dr. G.S. Mahajani*, *Shri L.K. Jha*, *Prof. M.V. Mathur*, *Shri S. Ranganathan*, *Shri L.P. Singh* and *Shri C.M. Trivedi* as members of the Standing Committee.

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Members' Fifth Annual Conference was held on August 27. The subject for discussion was "The Administration and the Citizen". There were two sessions: the morning session was presided over by *Shri V.T. Krishnamachari*; and the evening session, by *Prof. S.V. Kogekar*.

On the recommendations of the Committee of judges which considered the 20 entries received for IIPA Essay Competition, 1961, prizes as follows were awarded by *Shri Jawaharlal Nehru*, the President of the Institute, at the Seventh Annual Meeting :

For essays on "Training of Public Servants in a Developing Economy"

First prize of Rs. 1,000 to *Shri N.K. Bhojwani*, Deputy Secretary,

Ministry of Finance, Government of India.

Second prize of Rs. 500 each to :

- (i) *Shri S.P. Jagota*, Professor of Political Theory and Constitutional Law, National Academy of Administration, Mussoorie.
- (ii) *Shri P.R. Dubhashi*, Deputy Development Commissioner, Government of Mysore.

For essay on "The Pricing Policy of a Public Enterprise"

Second prize of Rs. 500 to *Shri R.A. Deshpande*, Statistician, P.W.D., Government of Mysore.

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Prof. Jan Tinbergen, of the Netherlands Economic Institute, delivered a public lecture on "Planning by Stages" on September 28.

The recent publications brought out by the Institute are : (1) "The Press, The Public, and The Administration" by *V.K. Narasimhan*, Rs. 3.00; (2) "Planning in India" (mimeographed), Rs. 3.00; and (3) "A Bibliography on Public Enterprises in India" (mimeographed), Rs. 1.50.

The following publications have been published on behalf of the Institute by the Asia Publishing House : (1) "Delegation and Autonomy" by *Arthur W. Macmahon*; (2) "The Ecology of Public Administration" by *F.W. Riggs*; (3) "Administrative Aspects of River Valley Development" by *Henry C. Hart*; (4) "The Administration of Natural Resources" by *Norman Wengert*; and (5) "The Central Social Welfare Board" by *P.D. Kulkarni*.

DIGEST OF REPORTS

PANCHAYATI RAJ IN ANDHRA PRADESH, REPORT OF A STUDY TEAM; By Association of Voluntary Agencies for Rural Development, New Delhi, October 1961, 48p., Rs. 1.50.

A five-man Study Team, appointed by the Association of Voluntary Agencies for Rural Development, surveyed the working of the Panchayati Raj in Rajasthan in November 1960; a digest of the report of this survey was published in the issue of the *Journal* for April-June 1961 (Vol. VII, No. 2, pp.195-199). An eight-member Study Team of the AVARD, including 4 of the 5 members of the Study Team which visited Rajasthan, toured Andhra Pradesh in August 1961. The main findings and recommendations of the Study Team are given below:

(a) *The Village Panchayats*

(1) There are in all 14,959 Village Panchayats in Andhra Pradesh, which cover 26,450 villages. Out of 1,06,929 Panchas, 80,362 were elected unopposed; 94,023 were men and 12,906 women. The total income of the Village Panchayats is Rs. 5,24,51,000.

(2) The Panchayat Extension Officer, at the block level, functions both as an Extension Officer and a regulating and inspecting officer at one and the same time. As an officer of the Block, he is charged with the wholly extension duty of giving advice and guidance to the Panchayats in the Block; he works under the Block Development Officer and is subordinate to the President of the Samithi. But as a link in the hierarchy headed by the Director of Local Administration, he has also to report on the working of the Panchayats, and to deal with minor breaches of rules and regulations,

minor inaccuracies in accounts and, perhaps in some rare cases, with major misapplication of public funds.

(3) The institution of a Director of Local Administration is unnecessary in the context of Panchayati Raj; the inspection and guidance of the Panchayats should be adequately and appropriately discharged by the Panchayat Samithis and the Zilla Parishads.

(4) The question of enlarging the resources of the Panchayats should be considered in the light of the universal reluctance of the Panchayats to tax themselves. The enlargement of grants is unsatisfactory since this makes the Panchayats look to outside agencies for their development, and thus accentuates the existing malady. The State should forego the levy of direct taxes in the villages in the form of land revenue, cesses, surcharges and taxes on commercial crops.

(5) The Panchayats in Andhra Pradesh today are concerned more with the provision of amenities than with increasing production. The village production plan generally prepared by the Village Level Worker is no more than a total of the seed, fertilizer and manure requirements of each cultivator in the village, subject to the amount available.

(6) (i) The Village Panchayat and the Village Co-operative Society frequently work in their separate spheres—one preparing the agricultural plan and the other providing the credits and supplies required for the

plan—without reference to each other.

(ii) The office-bearers of the Co-operative Societies are generally reluctant to admit new members for fear of losing control over their societies. This has been further complicated by the orders of the State Government that in certain areas all loans from the State should be channelled through the Co-operative Societies exclusively. In the State, as a whole, more than half of the cultivators remain outside the Co-operative Societies and as such are not entitled to any credit from anywhere. The membership of the Co-operative Societies is limited to owners of land and does not cover tenants, crop sharers and other non-owner cultivators.

(iii) There is need for a Land Development Corporation, which would advance long-term agricultural loans on the security of land and see that the increase in produce resulting from these loans is marketed through it. The Land Development Corporation could deal both with co-operative societies and individuals.

(7) There has been no difference from the situation prevailing previously in the matter of 'public participation'. The primary function of Panchayati Raj should be to create 'atmosphere', to enable people to plan for themselves in which the administrative and technical services assist. Unfortunately this does not seem to be the case today.

(8) Hitherto, far more attention has been bestowed on the Panchayat Samithis in every scheme of Democratic Decentralization and far less on the Panchayats. This attitude is to some extent responsible for the poor functioning of Village Panchayats.

(9) The function of the statutory Panchayat is limited to the general

and peripheral needs of the village, whereas the major decisions of the village as a whole are taken by the indigenous institutions of the village. The Panchayat leaders are not the natural leaders of the village and so far the role of the Panchayat has been to approach the village leadership with the official programmes. The primary aim of any outside agency must be "not development as such, but the strengthening of the local community". At places where the Panchayat has been able to integrate itself with the village community remarkable results have been achieved. To the extent the local base is strong and integrated, to that extent development activity will take a hold and continue.

(b) *The Panchayat Samithis*

(1) The institution of Panchayat Samithis has been able to secure certain results. As a rule attendance at schools has visibly increased, as there was greater interest in the schools and better control over the teachers. Their Standing Committees have taken interest in their respective subjects, and particularly, on the agricultural side, in the distribution of fertilizers. On the whole, within the limits of the schemes provided by the Community Development and the various Development Departments, the Samithis have succeeded in associating the people's representatives with the Block Administration.

(2) An important noticeable feature is the emergence of young persons as Presidents of Panchayat Samithis.

(3) (i) As almost all the major sources of revenue are earmarked for specific purposes, there is very little discretion left to the Samithis to plan their programmes as they like. In respect of the Community Development funds alone there is such

discretion, but in view of the specific directions perhaps, no such efforts appear to have been made.

(ii) There can be little doubt that the plans drawn up by the Samithis would be even more representative of their respective wishes, if, instead of as at present, the budget could be drawn up as follows : (a) moneys to be spent on staff allotted and its allowances etc.; (b) moneys to be spent on essential items, e.g., rent, maintenance of jeep, stationery, printing, etc.; and (c) moneys available for planning and development.

(iii) If the financial year were to be from the 1st October, just after the rains, to the 30th September, then an unbroken period of open season will become available from October to June for completion of work, and sufficient time would be available in the rainy season, when works as a rule are not in progress, for unspent balances to be properly accounted for. The budget session could be in August so that grants for the coming year may be issued well before the 1st October for new works to be undertaken immediately after the rains.

(4) The Andhra Pradesh Panchayat Samithis and Zilla Parishads Act envisages executive action through a system of Standing Committees, and this is a good innovation. A practice has grown in Andhra State that actions and resolutions of Standing Committees are not revisable by the parent body. The proceedings are therefore put before the parent body for information only. The practice appears to be an anachronism and is repugnant to the general principles which govern such delegation, especially as a majority of the members are not on the Standing Committee which takes a decision.

(5) (i) Much of the average Block staff needs to be technically

more competent for the job they are expected to discharge and this can be secured by more vigorous intensive training with particular reference to the day-to-day problems. (ii) The efficiency of the village level workers would be increased if they have some prospects of promotion.

(6) (i) The present position in the matter of the organisation of administration under Panchayat Raj is clearly anomalous to a degree. The Panchayat Samithis have no powers to co-ordinate and supervise their constituent Panchayats; they can only send their suggestions to the competent authority. It is necessary for Panchayat Samithis to function vis-a-vis their constituent Panchayats as the Zilla Parishad functions vis-a-vis its constituent Panchayat Samithis. (ii) Again, there are another kind of anomalies also. The Team found that in one Samithi the Extension Officer, Agriculture, is in charge of two kinds of programmes—one drawn up by the Samithi and approved by the appropriate Standing Committee of the Zilla Parishad, and the other drawn up by the District Agricultural Officer. (iii) Another aspect of the problem is the need for associating the revenue staff at the village level with the Panchayat. All the duties of the present village *munsif* or the village *patel* may be allotted to the Panchayat including the duty of revenue collection. The *patwari* should work under the Panchayat.

(7) While the Zilla Parishads should have a supervisory control over Panchayat Samithis, it should not be so drawn up as to nullify the autonomy given by the Act to the Panchayat Samithi. The respective competence of the two bodies should be more clearly defined.

(c) The Zilla Parishads

(1) Even as at present constituted, the Zilla Parishads have original

functions to an extent which do not exist in some other States particularly Rajasthan.

(2) A staff of an Executive Engineer and two Assistant Engineers has been placed at the disposal of the Zilla Parishad to enable it to discharge the duties of the old District Board. The powers of sanction of these officers have been specially enhanced to Rs. 60,000 and 20,000 respectively to enable them to undertake more responsibility. Further, the State Government has decided to constitute a Local Administrative Engineering Service and all the engineering personnel working in these Parishads will belong to this Service. For a Zilla Parishad with initiative, all this opens up a considerable opportunity of undertaking works, both original and repairs, now that the work of minor irrigation has also been transferred to the Samithis. All the current repair works of the Public Works Department in a district, which are today executed through the contractors, could be taken over by the Zilla Parishad.

(3) Much work is possible if Zilla Parishads consider it their duty to prepare District plans, and from that angle, co-ordinate and consolidate the plans prepared by the Samithis. This aspect of their work has not yet dawned upon them.

(4) The next step in the extension of Panchayati Raj is to make the Zilla Parishad responsible for the development plan of the District just as the Samithis are responsible for the Blocks. For this purpose, all the District officers dealing with development matters, similar to those transferred to the Samithis, should be placed under the Zilla Parishad. The Collector should work as the Secretary of the Zilla Parishad, so far as the Development departments are concerned. He should have, however, an independent jurisdiction

regarding law and order and semi-judicial matters.

(5) (i) The State Government should not delegate to the Commissioner for Panchayati Raj any of its powers under the Andhra Pradesh Panchayat Samithis and Zilla Parishads Act. It is basically wrong for permanent officials to exercise superior jurisdiction over representatives of the people.

(ii) A Panchayati Raj Commission should be constituted consisting of three to five persons elected by constituent members of the new popular bodies, e.g., one or two representatives of the Panchas of village Panchayats, and a similar number from the Samithis and Zilla Parishads. The Commission should look after the successful functioning of Panchayati Raj in the State. The objection to such a course, viz., that in that event it is likely to represent the same political party which is in a majority in these bodies may be valid, but is really not of much significance, as the duties proposed to be entrusted to the Commission will be entirely educational and promotional.

(d) Conclusions

(1) The Panchayati Raj, at the level at which it operates—and this is mainly at the level of the Panchayat Samithi—has made the people feel that they have secured some control over the administration, but has not identified them either with the administration or with the development schemes. These, they feel, only belong to the Government. Till administration and the schemes of development become their own, it is impossible for people to feel any enthusiasm for the plans. They must, therefore, conceive these schemes on their own and secure an administrative personnel which they think they need for the execution of such schemes.

(2) The Panchayat Samithis, as these are constituted today, come in the way of effective action on the part of village Panchayats. And as units of planning, they come in the way of the districts being regarded as planning units. If the Panchayat Samithi is treated as a unit of planning, the district is left largely with co-ordinating functions only. The planning unit should be at the level of the Panchayats and the districts; such a set-up is necessary to enable Panchayats to raise resources in relation to their growing needs and thus enable them to take a living interest in the welfare of their people.

(3) (i) Panchayati Raj schemes for backward classes come under Social Welfare, which is entrusted to the Zilla Parishad. In one village where the indigenous social organisations were strong and well-knit, the Team found that the village had already distributed some government and other lands to the backward classes. In its own way the villagers had arranged for loans to these 'non-creditworthy' people at low interest rates. In another village, the Team discovered that it was not so much the needs of the backward classes that guided the action of the Zilla Parishad rather it was the schemes sent down from above within which the Zilla Parishad functioned.

(ii) It is generally believed and admitted by the concerned people

that the richer sections are the one that have mostly benefitted from the Panchayati Raj schemes.

(iii) By and large the leadership rests with the landed classes and the people belonging to the peasant castes.

(iv) The present method of securing representation of women and Scheduled Castes and Scheduled Tribes by co-option is not happy. It only secures nominal representation and the incumbents do not take any active part in the proceedings. Better results would be obtained if these interests are represented in the conventional manner, i.e., by the normal process of election. For other category of interests, the choice should be unanimous.

(4) There should be a unified administrative system from the village to the State level; all the officials from the highest to the lowest should be servants of the State—to be appointed and dismissed by it. No official will thus belong exclusively to Panchayati Raj; and thus be distinguished from the officials of the State. Such an organisation will secure that the prospects of promotion of any government servant are not affected by his having to serve the institutions of Panchayati Raj. Officials at any level will be under the administrative control of and be subordinate to the representatives of the people at the level.

ECONOMIC COMMISSION FOR ASIA AND THE FAR EAST, REPORT OF THE CONFERENCE OF ASIAN ECONOMIC PLANNERS (FIRST SESSION).

The first session of the Conference of Asian Economic Planners was held in New Delhi from the 25th September to the 3rd October, 1961. It was inaugurated by the Prime Minister of India and attended by representatives of 24 member and associate member States of the

ECAFE, and observers from 3 non-member States; 5 specialised agencies, one inter-governmental organisation, and 5 non-government organisations.

A digest of the discussions and the conclusions of the Conference on item 6 of its agenda, namely,

"Administrative Machinery for Planning and Implementation", is given below*:

In reviewing the progress of planning in the region, representatives from all countries stressed the significance of adequate administrative machinery for ensuring the success of development plans. It was realised that planned development involved considerable change in the nature and scope of the functions undertaken by Government and called for extensive measures to strengthen and to the extent necessary re-organize the existing machinery at various levels. The administrative machinery had to carry out both the traditional tasks as well as new tasks associated with rapid economic development and modernisation of the economy. It was also essential to improve upon existing methods and procedures, to strengthen statistical and economic services and to extend facilities for research. Finally, for carrying out the plans it was vital that the administrative machinery should be responsive to public opinion and that widespread public participation, co-operation and enthusiasm should be secured.

The general character of the machinery for planning will be largely determined by the pattern of the economy of the country, its existing administrative structure and the scope and objectives set for planned development. The nature of the administrative tasks and the range of decisions to be taken differ according to the role assigned in the scheme of development to the public sector relatively to the private sector. In the countries of the region, in varying degree, plans provide for the development of the public sector as well as the private sector and the

general prevailing pattern is that of mixed economies.

The Conference considered whether effective implementation of the economic plan might be assisted by giving it the form of a law. The general view expressed was that such action might not be necessary, although for specific purposes appropriate legislation would have to be undertaken. The Conference felt that there would be considerable advantage in the plan being presented to the legislature for consideration and general endorsement. In particular, this would help in creating wider understanding and enthusiasm for the plan and securing greater continuity in its implementation. It would also be an advantage, wherever possible, to associate the legislature at different stages in the formulation of the plan.

The Conference agreed that the planning agency should be generally an advisory body functioning within the structure of the government, and that its chief functions should be—

- (a) to assess natural, human and capital resources;
- (b) to formulate plans of economic development—long-term, medium-term and annual;
- (c) to report on the progress of the plan and the development of the economy from time to time and to undertake evaluation of the working of the plan;
- (d) to suggest the nature of the machinery needed for securing the implementation of different aspects of the plan; and
- (e) to indicate factors which may tend to retard economic development and make such

*Paras 31 to 41 of the Report adopted by the Conference for consideration by the ECAFE at its forthcoming 18th Session, reproduced by the courtesy of the ECAFE Secretariat.

recommendations as may be necessary for the successful execution of the plan.

As an advisory body the planning agency has to be associated closely with the consideration of important questions of policy at the highest level so as to be in a position to offer its advice to the government and to the agencies responsible for implementation. An essential function of the planning agency is to assist in co-ordination of policy and action, specially where several departments are concerned. The planning agency must also keep in close touch with the actual implementation of development projects and programmes with the help of the appropriate departments and organisations and make its objective appraisal and suggestions available to them. The responsibility for implementation and supervision necessarily rests with the executive departments and agencies of the government.

The Conference agreed that to ensure the successful operation of the plan and to provide for effective assistance to the Cabinet, the planning agency should be given a high status within the government. In a number of countries of the region, this object has been achieved through the Prime Minister or the Head of the Government serving as the Chairman of the planning organisation as well as through the high-level composition of the planning body. There are also instances in which a senior member of the Cabinet is responsible for the work of the planning agency.

In the earlier stages, in some countries, a beginning has been made by setting up a planning unit as part of an existing organisation such as a Cabinet office or a Ministry of Finance or Economic Affairs. As a rule, the character of work entailed in planning is complex and calls for personnel with special training.

To secure integrated development and continuity in planning, it would, therefore, be desirable to have a planning agency as a separate and adequately equipped unit functioning in close co-operation with existing units.

By its very nature, planning involves continuous and co-ordinated action on the part of the entire machinery of the government. The planning agency has to maintain close and continuous contacts with the various departments of the government, especially those directly connected with economic activities, as for instance, through discussions between the planning agency and the departments concerned, setting up of joint study groups, establishment of planning units within the executive departments, exchange of information, data and progress reports, co-ordination between different agencies responsible for statistical and economic information and interchange of personnel between the planning agency and the executive departments. It is particularly important that the planning agency should maintain close liaison with the Ministry of Finance which prepares the annual budget in the light of the annual plan of development. In countries of the region, specially those which have a federal structure, the plans provide both for development at the national level and in the states, provinces or regions. The latter require invariably their own planning units. The national planning agency has to keep in constant touch with these units and assist in the formulation and implementation of regional plans. Appraisal of the plans by the planning agency has to encompass plans at all levels.

The planning agency will require a considerable body of statistical and other data. The statistical work of the planning agency is connected with the use of overall estimates for

the economy, analysis of relationships between different sectors, consideration of changes in conditions of demand, supply, etc. and assessment of performance and plan fulfilment. Agencies responsible for the collection of statistics have increasingly to orient their work so as to meet the requirements of planning. The planning agency can derive much help from universities and other research institutions in the study of fundamental economic and technical problems and surveys as well as in the examination of important questions of economic policy.

As stated earlier, the planning agency has to function close to the highest level in the Government. It is therefore important that it should be composed of persons with experience, knowledge and judgment. In some countries of the region it is considered necessary that different areas should be adequately represented within the planning body and depending upon the task to be undertaken, there should also be provision for associating the principal interests affected by planned development. The size of the planning body will necessarily depend upon the conditions prevailing in different countries.

Planning is a continuous process and constant adjustments in the plans as formulated have to be made from time to time. The Conference therefore stressed the need for having an adequate system for reviewing progress in the execution of various projects and programmes periodically and for carrying out such adjustments in the plans as might be required. Reviews of progress in respect of the plan as a whole have to be prepared by the planning agency, while reports dealing with different sectors have to be drawn up by the departments or agencies responsible for them. Adjustments in the plan have to be proposed from time to

time by the planning agency in consultation with the appropriate departments. The intervals at which reviews of progress should be prepared have to be determined by each government in accordance with its requirements. As a general rule, an annual review is required both for the objective appraisal of the working of the plan and for facilitating further planning. In the course of the year, the progress of major projects and the more critical programmes of development may have to be reviewed at more frequent intervals, such as every quarter or half-year. For their own administrative purposes, departments concerned with individual programmes or projects will generally need to follow up the progress of important programmes within their field at even shorter intervals, such as a month or a fortnight. The planning agency undertakes its appraisal in the main on the basis of reports from departments and project authorities. But in selected cases, it may find it necessary to depute teams of officials for first-hand study of problems in consultation with the project authorities.

The vital importance of enthusing the public about planned economic development has been already stressed. The planning agency has to develop extensive arrangements for consultation with and advice from different sections of the community, such as industrial, agricultural and other organisations. It is also essential that scientists, economists and specialists in different fields should be continuously associated with the formulation and appraisal of development plans. The Conference felt that it was essential to ensure wide publicity for development plans through all the available media. The people should be actively associated with the formulation and implementation of plans, especially at the local level. Much work

is being done in the countries of the region for securing public participation and co-operation in the plans. Broad-based popular leadership in each area can do much to assist economic and social development. The Conference believed that countries of the region could learn a great deal in these directions from one another's experience.

In the course of discussion several representatives of countries of the region emphasised that deficiencies in the administrative machinery constituted a major obstacle in the effective implementation of development plans. The reform of the administrative structure, its strengthening and re-organisation, enforcement of efficiency and integrity at every

point, improvements in administrative procedures and extensive delegation of financial authority had to be carried out urgently if the administration as a whole was to be fully geared to fulfil the enormous obligations which planned development placed upon the administrative machinery of each country.

The Conference also approved of the proposals to establish : (1) an Asian Institute for Economic Development to provide practical and theoretical training for government personnel in economic and social planning; and (2) a Regional Advisory Group of Economic Development Planning, consisting of experts who would be available on the request of Governments to assist them in drawing up their plans.

UNITED KINGDOM, RE-ORGANISATION OF THE NATIONALISED TRANSPORT UNDERTAKINGS; WHITE PAPER BY MINISTRY OF TRANSPORT (Cmnd. 1248), London, H.M.S.O. 1960, 14p.

Her Majesty's Government in Great Britain presented to the British Parliament in December 1960 a White Paper outlining proposals for the re-organisation of the nationalised transport undertakings. Though the White Paper is a year old, but it is not easily accessible in India. Certain extracts from the White Paper are reproduced below, in view of the contemporary interest in India in the matter of evolving a suitable overall organisational structure for the management of state enterprises.*

I. THE AIMS OF RE-ORGANISATION

(1) (i) The activities of the British Transport Commission as at present constituted are so large and so diverse that it is virtually

impossible to run them effectively as a single undertaking. The administration of such diverse activities as British Railways, Ports, Waterways, and London Transport, presents special problems, each of which calls for particular qualifications and experience. The size and difficulties of British Railways have understandably tended to preoccupy the Commission and have undoubtedly affected its outlook over the whole range of its activities. This has been particularly apparent in financial and commercial matters, in the consideration of which there has been a tendency for technical and operating factors to prevail over others. There has also been, as the House of Commons Select Committee on Nationalised Industries point out in paragraph 417 of their Report, a

*Mr. Ernest Davies, former Labour M.P., in an interesting article on the subject, which appears in *The Political Quarterly* for April-June 1961 (Vol. 32, No. 2), considers that the proposed re-organisation will not solve the difficulties now experienced by the Transport Commission.

"confusion in judging between what is economically right and what is socially desirable."

(ii) The commercial capability of the railways is circumscribed by outmoded statutory obligations and restrictions on their trading operations.

(iii) Mounting deficits, the size of capital debt in relation to the earning capacity of the assets and the increasing burden of interest as modernisation proceeds, present a situation detrimental to the morale of management and workers, to financial control, and to hopes of recovery.

(2) In these circumstances, the Government have decided:

(a) to replace the British Transport Commission and the existing organisation by a new structure designed to overcome the main defects and disadvantages of the present organisation;

(b) to reconstruct the finances of the Commission and, in particular, those of the railways;

(c) to give the various undertakings the maximum practicable freedom of operation in their commercial affairs.

(3) The aim of the proposed reorganisation is that the nationalised transport undertakings shall be soundly based both in organisation and finance, providing efficient services to industry and the public, and giving a good livelihood and worthwhile jobs to those who work in them.

II. THE NEW STRUCTURE

(1) The main activities of the present Transport Commission will be managed by a separate Board holding its own assets and responsible for its own capital debt.

The Boards for British Railways, London Transport, British Transport

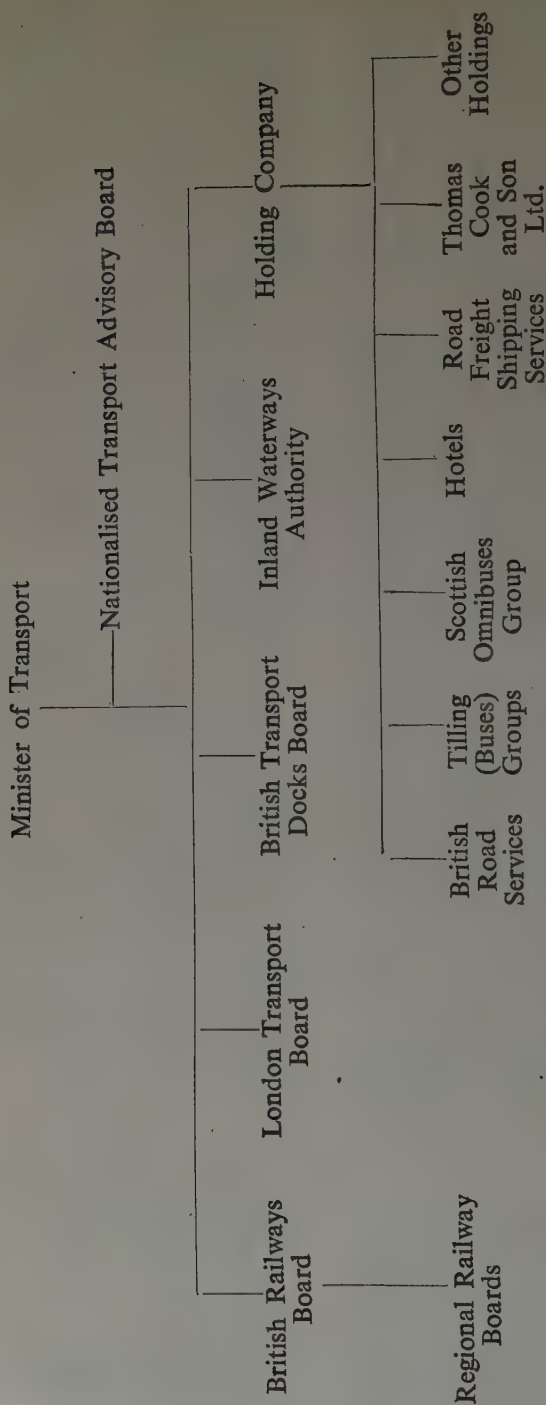
Docks and British Waterways will each be incorporated^a under statute with the appropriate duties and powers necessary to the efficient conduct of those undertakings. In view of their importance and the special nature of their problems they will be responsible direct to the Minister of Transport, who will appoint their members. All the other activities will be grouped under a Holding Company. The new structure will be as follows:

(2) (i) The British Railways Board will assume the responsibility for running the railways as an effective national system and will be vested with the railway assets (including the railway workshops) and the responsibility for the capital debt of the railways as a whole. The Board will, however, perform only those central functions which are essential to the running of the railways as a single entity; all other functions will be the responsibility of the Regional Railway Boards, which will replace the present Area Boards. The members of the Boards will be few in number and there will be a strong element of full-time members. The post of Regional General Manager will carry a seat on the Regional Board. Notably, the British Railways Board will be responsible for such matters as national staff and wage negotiations, overall control over finance and investment, policies for safety, training and research, and the determination of the future size and shape of the railway system.

(ii) The Railways Board will be composed as follows: (a) A Chairman and Vice-Chairman, (b) a representative from each of the Regional Railway Boards, (c) certain full-time members with special responsibilities, and (d) one or two part-time members.

(3) The London Transport Executive will be called the London Transport Board and will continue

THE NEW STRUCTURE



to be composed mainly of full-time members of whom a number will have special responsibilities.

(4) The reports and docks at present administered by the Commission's British Transport Docks Division will be transferred to a new statutory Docks Board. The Board will be small in number. Its composition will reflect those functions, including finance, which require to be dealt with centrally.

(5) British Transport Waterways will be placed under an independent statutory Board to be known as the Inland Waterways Authority. This body will own and manage the nationalised inland waterway system. It will also be responsible for proceeding with the redevelopment or disposal of waterways which no longer have a transport use.

(6) British Road Services, the Tilling (Buses) Group, the Scottish Omnibuses Group, British Transport Hotels,* Road Freight Shipping Services, and Thomas Cook and Son Ltd., will each be operated as companies incorporated under the Companies Act with their own Boards. They will all, including the Hotels, now be grouped under a new Holding Company responsible to the Minister, who will appoint its Board.

(7) It is proposed to set up one or more organisations specially equipped to advise the Statutory Boards and the Companies and act for them as necessary, with the object of obtaining the best possible return, in connection with the development of their property, and the transfer or disposal, from time to time, of such of it as is no longer required for operational purposes.

III. CO-ORDINATION

(1) Co-ordination of policy between the new Boards, including allocation of funds for new investment, will be the responsibility of

the Minister of Transport. In this he will be assisted by a new advisory body, the Nationalised Transport Advisory Council, which will consist of the Chairmen of the Boards of British Railways, London Transport, British Transport Docks, the Inland Waterways Authority and the Holding Company. Other members will be added, drawn from outside the nationalised transport undertakings. The Minister will ordinarily act as Chairman of the Council.

(2) The new organisation is intended to provide for direct contact between the Minister and the main component parts of the nationalised transport industry. Nevertheless the Government do not propose that the Minister's existing statutory powers and responsibilities in relation to the nationalised transport undertakings should be extended. As in the case of other nationalised industries, the Minister's main charge will be for overall co-ordination and for securing the general efficiency of the undertakings in accordance with his responsibility to Parliament for them. He will continue to discharge these responsibilities through his powers of appointment and of general direction and his control of development, investment and finance. His special duties in respect of safety, training and research will continue.

IV. APPOINTMENTS

(1) The Chairmen of the five major Boards will be appointed by the Minister of Transport. The members of each of these Boards will be appointed by the Minister after consultation with the Chairman. Certain other appointments will be subject to the Minister's approval.

(2) In making appointments to the various Boards the Minister will have regard to the special contribution which can be made by those with Trade Union experience.

* Railway catering services will be the responsibility of the railways.

(3) The Government consider it important that, so far as possible, the nationalised transport undertakings should produce their own leaders. Promotion from within the undertakings to the highest levels should be within the grasp of those who prove themselves capable.

V. FINANCIAL RECONSTRUCTION

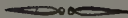
(1) The White Paper suggests special arrangements for the remission of debt and the writing off of liability and capital reconstruction in the case of the railways. The Government have proposed to waive the £400 million borrowed on account of deficits and to transfer to a non-interest-carrying suspense account an additional £800 million

of its indebtedness of the Transport Commission.

(2) The other statutory Boards will be expected to conduct their affairs in accordance with the general system applicable to Boards of this character, that is, to balance their accounts, taking one year with another.

(3) The railways will be freed from statutory control over their charges, except for fares in the London Passenger Transport Area where the London Transport Executive and British Railways have a virtual monopoly of public passenger transport.

(4) The Holding Company, however, like similar businesses in the private sector, will be expected to yield a good return.



BOOK REVIEWS

DEFENCE BY COMMITTEE—THE BRITISH COMMITTEE OF IMPERIAL DEFENCE 1885-1959; By FRANKLYN ARTHUR JOHNSON, London, Oxford University Press, 1960, 416p., 50s.

Franklyn Arthur Johnson is an American Professor and in his own words "this book is a study of the antecedents, the creation, the early organisation, and the activities and functions of a unique and influential element of the British Government, the Committee of Imperial Defence." This Committee has not only provided the foundation for the present-day structure of higher defence control in Great Britain but has also influenced the development of top tiers of Defence structure in Canada, Australia, New Zealand and, in the later stages, the United States of America. We ourselves are one of the many countries where the higher Defence organisation is based on experience in Great Britain.

The period chosen for study by Professor Johnson extends from the time of the creation of rudimentary machinery for strategic planning towards the end of the 19th Century through the year 1946, when after the War the Committee of Imperial Defence was finally replaced by a Defence Committee and the Ministry of Defence, and the study includes post-war changes up to 1959. The author has taken the trouble of studying all available literature on the subject as well as having discussions with Lord Hankey and Lord Ismay who had performed the key role in the organisation and development of the Defence structure in Britain, having been for long years associated with the Secretariat of the Committee of Imperial Defence and its successor organisations. The author has in addition sought co-operation from

many others including Viscount Esher, whose Committee's report at the turn of the Century was the real basis for major re-organisations in Britain, and the famous Secretary of the British Cabinet, Sir Norman Brook. The book, therefore is a highly authoritative examination on the subject; at times in fact it gives so much detail that a reader, who is not conversant with the complicated machinery of defence organisation of today, is liable to get mixed up and confused.

Between the Crimean War and 1885, several short-lived commissions and committees were formed in Britain to investigate the problems of Imperial Defence. The first Colonial Defence Committee was set up in 1878 but this Committee did not last more than a year and left no mark. Another Colonial Defence Committee was set up in 1885 in an atmosphere of fear of war with Russia, and was followed by the first Colonial Conference of 1887 and the establishment of the Hartington Commission in 1888. Policy followed by the Colonial Defence Committee was to offer suggestions on broad principles of Imperial Defence, leaving the local authorities to provide details of planning and implementation. Hartington Commission's proposals, though not going far enough and though not fully acted upon, provided the bare bones for Esher Committee's recommendations which finally led to the formation of the Committee of Imperial Defence in 1904. What distinguished the Committee of Imperial

Defence in 1904 from its predecessors was the key recommendation of Esher Committee that an effective Secretariat be set up. For us who are so habituated to agenda, minutes, Secretariats, etc., it is not easy to comprehend the far-reaching effect, this recommendation had on future developments. It is for instance not generally known that the Cabinet system of Government in Great Britain which is so old, suffered from lack of agenda and minutes until 1916. The only agenda previous to this used to be the list of subjects brought in for discussion by the Prime Minister himself and the only recorded evidence available are the Prime Minister's confidential letters to the Sovereign. The need for an elaborate Secretariat was first felt in the defence sphere, and then, under the pressure of a great military effort during World War I, the Secretariat of the Committee Of Imperial Defence became a part of the Cabinet machinery.

Esher envisaged the Secretariat to be a source of information to the Prime Minister, who "like the German Emperor must be the controlling head of the Empire's military activities". The Prime Minister was the Chairman of the C.I.D. (Committee Of Imperial Defence) and could ask any ministers, Service officers or civil servants to attend it. The concentration of control in the hands of the Prime Minister principally served three purposes: first it reaffirmed the principle of civil control over the military departments, secondly it provided an effective method of bringing into the advisory C.I.D. individuals such as the heads of non-service departments or even some British or Dominion members who might hold no office in the State. A third reason for the pre-eminence of the Prime Minister in the new C.I.D. was the part he necessarily would play in time of war.

C.I.D.'s advisory status and lack of executive authority in its own right was made quite clear. This followed from an adherence to the principle of Cabinet responsibility for all executive decisions. The very fact, however, that the C.I.D.'s advice to the Cabinet bore the approval of important Cabinet Ministers especially that of the Prime Minister meant that in practice there was little likelihood that the Cabinet would reject C.I.D.'s advice.

Soon it was recognised that the "Colonies", which were steadily rising in their political stature could refer local questions for expert advice to the C.I.D. and whenever so desired, a representative of the Colony was summoned to attend as a member of the Committee during the discussion of the particular issues raised by it.

The C.I.D. constituted several sub-committees, e.g., the Colonial Defence Committee, the Home Ports Defence Committee etc. to consider special types of problems. All these sub-committees helped to organise and improve defences. In this respect, however, the most important single contribution made was the preparation of the War Book during 1911-1914. This book set out actions by various governmental and other agencies which had to be taken in case of war on hundreds of different subjects. At the beginning of the first War as "the news flew to the imperial outposts that the long-suspended conflict at last had broken, envoys, admirals, generals, police officials and civil servants quickly acted upon their pre-arranged orders. Even as British warships put to sea, restraining hands were laid upon the enemies' ships in all ports. In the United Kingdom itself guards took posts around vital installations, counter-intelligence rounded up alien agents, the King signed the Orders-in-Council already

prepared, and official proclamations went up all over the land." Measures which conferred unheard of powers on the Executive were promptly passed by Parliament and most of them had already been drafted by the numerous sub-committees of the C.I.D.

The War Book has been found to be so expeditious and effective a piece of work in transforming the State from peace into war that it has now become a traditional part of the defence machinery in almost all countries of the world.

While the C.I.D. was a good organisation in peace, it had to give place to more powerful bodies during the War. Accordingly on the outbreak of World War I, a War Council was set up in November 1914 which was finally converted into War Cabinet in 1916, a body entirely new to the British Constitution. The War Cabinet used the C.I.D.'s Secretariat and became the Chief Executive body for taking decisions connected with the prosecution of the War.

The C.I.D. as well as the War Cabinet, however, suffered from one major defect. There was nothing to ensure that the two Service Chiefs (there were then only 2 Service Chiefs: the Air Force had not come into its own) would function as a team and their planning staffs would carry out their duties in close co-operation. There was in other words, a vertical control of the Services by the Cabinet, but little combined horizontal planning by the Services themselves. With the return of peace, the C.I.D. became operative again but it was not until Salisbury Committee's recommendations were acted upon that a Chiefs of Staff Committee was formed in 1923, and foundation was laid for inter-Service planning and co-ordination. Many in the present generation take Chiefs of Staff Committees for granted and

feel that they have existed from time immemorial! It would come as a surprise to them to know that in the USA, the Joint Chiefs of Staff machinery was constituted only in 1941, after Pearl Harbour.

The Chiefs of Staff Committee provided co-ordination at Service level but there was no machinery to achieve co-ordination between the three Service Ministries. A Ministry of Defence for co-ordination was therefore a logical step. Wrangles for having such a Ministry occurred from time to time during the next two decades. Meanwhile to improve co-ordination between the various limbs of Government in the Services and civil spheres, an Imperial Defence College was set up in 1927 where officers from various spheres came together and studied important aspects of war planning and national strategy. It was evident that Government wished to ensure that "in an age of lightning, triphibious warfare" higher staff officers and the future Chiefs of Staff themselves would be given insight into the problems of their brother Service leaders, civil servants and diplomats.

It was only in 1936 that a Minister for the Co-ordination of Defence was appointed. He was, however, not a Minister of Defence heading a Ministry: it is obvious that there was some political reluctance against disturbing the *status quo* and numerous military vested interests. The service Estimates debates in 1937 clearly revealed that the Minister for the Co-ordination of Defence had "no executive authority, no financial responsibility, and a staff of only two secretaries and three women clerks." It was thus correctly said of him that he was "a kind of Buddha taking the middle path." He was the fifth wheel in the coach and seems to have spent his time, to quote Shelley, "beating in the void his

luminous wings in vain." The new Minister therefore achieved nothing.

When the War broke out in 1939, a War Cabinet was once again constituted and the C.I.D. itself was suspended on 5th September, 1939 for the duration of the War permanently, as it turned out. Sir Edward Bridges continued to be in charge of the Secretariat, a civilian Deputy Secretary with a number of assistants handled the civil aspects and Ismay, as military Deputy Secretary, the military aspects. When a little later Churchill became Prime Minister, he was also the Minister of Defence. He completely took over many of the responsibilities of the three Service Ministers, who were not made members of the War Cabinet and did not attend the Chiefs of Staff Committee except when invited by Churchill. Churchill himself very often presided over the Chiefs of Staff meetings. "The key change which occurred on my taking over," Churchill has stated, "was, of course, the supervision and direction of the Chiefs of Staff Committee by a Minister of Defence with undefined powers. As this Minister was also the Prime Minister, he had all the rights inherent in that office, including very wide powers of selection and removal of all professional and political personages."

The chapter dealing with developments in the post-war period has been appropriately called "Demise and Transmigration": the C.I.D. ceased to exist but the Defence Committee of the Cabinet took its place, and other Committees and Sub-Committees which continued either in the same form or with suitable modifications were built up on the long experience of the C.I.D. and the earth-shaking events of the two Wars. The Ministry of Defence became a regular department of State and was given increased powers over the size, shape, organisation of the

armed forces. The Chief of Staff to the Defence Minister became a member of the Chiefs of Staff Committee. The White Paper of 1946 which instituted the Ministry of Defence had foreseen the appointment of a whole-time Chairman of the Chiefs of Staff Committee, but at that time had rejected it. In October 1955, a whole-time Chairman was appointed and is now also the Chief of Defence Staff and the Principal Adviser to the Minister of Defence as well as one who represents the views of the Chiefs of Staff to him. Co-ordination at high level is achieved through the Defence Board which consists of the Defence Minister as Chairman, and having as members, the Service Ministers, professional heads of the Forces, the permanent Secretary of Ministry of Defence and the Chief Scientist (who during and after the last War appeared as a new factor).

One of the most significant developments of the last war is the importance which is being attached to the Scientist. The Chief Scientist is associated with the deliberations of the Chiefs of Staff Committee and Scientists play their part in the Defence Organisation and the Services at all levels.

The British White Paper of 1946 on the setting up of the Ministry of Defence had voiced the following expectation:

"One method would be to amalgamate the three Services completely, and to place them under a single Minister... His Majesty's Government do not wholly reject this conception; it may be that at some stage in the future amalgamation might be found desirable."

It seems unlikely that the three Services in their present form will ever be completely amalgamated, but apart from this, Defence organisation in

our own country unlike that in Britain has already substantially met this "expectation".

Ismay who had made a special journey in July 1946 to Washington to advise Secretary of the Navy Forrestal and other planners of American military organisation, later came to India as Chief of Staff to Lord Mountbatten. He was requested to look into the organisational structure of defence in our country. The system now followed is substantially what he had recommended, presumably with Lord Mountbatten's advice and approval. We have a single Ministry of Defence, and considerable integration in the fields of production and procurement of equipment, recruitment,

scientific organisation, research and development, medical services, training etc. has already been achieved.

With the constitution of a Defence Ministry in the U.K. which is being endowed with increasing powers, a broad similarity can be seen between the U.K. Ministry of Defence and our own. We are, however, not encumbered by separate Service Ministries. Under some stress of emergency, who knows, the weakness of having three separate Service Ministries in Britain would become apparent and one single Defence Ministry would finally emerge fully absorbing the three Service Ministries!

H. C. SARIN

PROBLEMS OF ADMINISTRATION IN TWO INDIAN VILLAGES;

By K.S. DESAI, Baroda, Department of Political Science, Maharaja Sayajirao University of Baroda, 1961, viii, 387p., Rs. 10.

This book is a useful study of problems of administration in the rural areas, particularly so in the context of the changing pattern of administration that is emerging throughout the country as a result of implementation of the scheme of Panchayati Raj. The book under review is based on the observations in two villages of Baroda district in Gujarat State. It provides a storehouse of information on a subject which has not so far been examined in its totality in one volume. It contains most of the information which otherwise is not available to a person not connected with administration. The author has discussed in this book almost every phase of administration as it affects the village life, particularly the activities of Revenue, Judicial, Police, Agriculture, Co-operation, Medical-Health and Public Works Departments. Though the title gives an impression of the study being confined to two villages, the book contains a factual

description of the organisational set-up of the various departments from the State to the village level. Methods of recruitment, pay scales, functions of the various functionaries at and above the village level have been discussed in considerable detail. The object of the author perhaps in devoting this considerable space to the discussion of the organisation of various departments was to provide the background canvas for a detailed examination of their functioning at the village level. One may differ with many of the views expressed by the author in regard to the organisational arrangements, yet some valuable suggestions have been made which can provide a basis for further study.

The first chapter deals with Land Revenue Administration. The observation that the absence of a Head of the Department for the Revenue Administration inevitably makes the Secretary to the Government function as Head of the Administrative

Department and exercise control, is perhaps based on the study of one State only. It is the senior member of the Board of Revenue or the Financial Commissioner in some States, who is the Head of the Department. He exercises considerable control over officers of this department at various levels including the Divisional Commissioners. The Board of Revenue needs further strengthening in some States. The Government should divest itself of most of the semi-judicial work by transferring it to the Board of Revenue. It would be worthwhile considering whether the Board could not be vested with work of Land Management; the Director of Agriculture being also a member of this Board. There may be three or four judicial members and two or three non-judicial members—one in charge of Land Development, the second in charge of Agricultural Development and the third in charge of collections. These three members can constitute themselves into a Committee called "The Land Development Committee".

The author, while dealing with the institution of the Divisional Commissioners, has referred to the earlier decision of the erstwhile Bombay Government to abolish this post. This institution of the Divisional Commissioners has come in for considerable controversy in the recent past particularly in the context of increased development activities and programmes like community development, implementation of land reform measures and the pressing demand for prompt action. After independence, there was a feeling that the post of Commissioner was superfluous. Later on, however, with the increase in governmental activities particularly connected with planning and development most of the States decided in favour of either continuing or creating this post.

There is, however, another view which still favours the abolition of the post on the ground that the District Officers should have adequate powers to take day-to-day decisions as this would help in the process of the Collector growing in stature and maturity. This will enable him to exercise initiative in shouldering responsibility in a forthright manner. Discussing the role of the District Collector, the author observes that the Collector is still the head of the local bodies; he being the Chairman of the District Village Panchayat Mandal. There has, for some time now, been a pressing demand to allow the local bodies to come to their own by reducing official control over their work. This, however, is conditioned by the need of placing at the disposal of these bodies the administrative skill required for personnel management. The need for a comparative study of different systems being evolved by the various State Governments to meet this demand is clearly indicated. The role of the District Officer varies from State to State. There need be no hurry in laying down any ragged pattern till sufficient experience is gained. Questions may, however, be taken up for study by the Indian Institute of Public Administration or the Universities.

* * *

The practice of appointing agricultural graduates as Talaties (Patwaries) and giving them three grade increments in that scale could with advantage be adopted in other States. What is, however, more significant is that Talaties are promoted as Gram Sewaks. The study of the manner in which agricultural graduates appointed as Talaties have been functioning as compared to other Talaties who are not agricultural graduates would have perhaps provided a better guide to the usefulness of this practice.

That it is the administration at the village level that is important; for the general masses is now well recognised. A careful study, therefore, of the job charts of the various workers at the village level and the manner in which they are influencing, for better or for worse, the village life is almost obvious. The useful work done by the author in giving in considerable details the job chart of these functionaries would provide a useful follow up study to assess the extent to which the jobs assigned to them have been adequately carried out and the measures that need to be taken to improve upon it. This has become all the more important as increasingly these functionaries will come under the control of local bodies. The institution of inferior village servants whose number ranges from three to seven in these two villages also merits a deeper probe as they will have to be integrated with the other functionaries at that level.

While discussing the constitution and election of Village Panchayats, the author observes that 58 per cent of the respondents favoured unanimous elections, while 38 per cent preferred contested elections. Unanimous elections have always been a subject of controversy. But to provide greater solidarity to the village life, it is necessary to take some positive steps and provide incentives to such panchayats as can have elections unanimously. The Government of Rajasthan sanctioned an additional grant of 25 naye Paise per head of population to the panchayats who had unanimous elections in the last Panchayat General Elections, the percentage of unanimous elections being 25 per cent for the whole panchayats and 38.8 per cent for Sarpanchas.

Most of the village people, the study reveals, were not satisfied with

the working of the panchayats. The reason attributed to this feeling was that the Sarpanch and the Panchas did not take people into confidence, did not convene the meeting of the Gaon Sabha. If democracy decentralised at village level has to be a sustained programme, it has to be made more broad-based. It should, therefore, be obligatory for the panchayats to convene meetings of Gaon Sabha at least once in three months and to give it a statutory basis, because the bureaucratic functioning of an elected individual can be worse. At the meetings of the Gaon Sabha, plans, programmes and the achievements should be explained and the reactions of the people ascertained. In due course, even printed copies of the accounts should be made available for explanation to the voters. The decision making powers should vest in Committees and not in an elected individual. An important contribution in broad-basing the working of the local organisations could be made by constituting committees like the School Committees. The villagers in these two villages, the author observes, wanted such committees to be elected by the entire village rather than by the panchayat. Such an arrangement is bound to culminate into a system of social management of such institutions in which services like Education, Public Health, Social Welfare will be managed by the beneficiaries themselves. In Yugoslavia, such an arrangement has created considerable enthusiasm in the local population and provides healthy avenues for participation by a large percentage of the people. This helps training of people in shouldering greater responsibility in local government. Creation of such institutions would also facilitate the introduction of the scheme of compulsory education.

The Bombay Village Panchayat Act provides for a host of obligatory

and discretionary functions for panchayats. In practice, however, the study reveals, the panchayats have confined their attention mainly to civic functions both obligatory and discretionary without first providing for all the obligatory functions. This clearly brings out the futility of making artificial distinction between the two sets of functions. The best thing would be to provide some inducement for obligatory functions.

In spite of the desirability of emphasis on economic development, most of the panchayats seem to have devoted almost their entire time and money to civic functions. Economic activity has failed to arouse the required urge and interest. It is, therefore, time that the reasons for such a behaviour are investigated. It is surprising that the inspection notes of the two panchayats under study do not even contain a reference to the need for such an activity. Analysis of the expenditure incurred by the two panchayats would also support this view.

That Yuvak and Mahila Mandals have not become active bodies in the village is primarily due to lack of guidance from the Block organisation. It is now admitted on all hands that these two institutions can, to a very large extent, sustain the tempo of increased economic and social development in the countryside. The youth in other countries have made significant contribution to the development of their country and it is necessary that some positive steps are taken to organise the youth for this work in this country as well.

* * *

Co-operatives have been in existence for about 30 years in one village and for about 9 years in another village taken up for this study. The membership, however,

is confined only to farmers who have some land. The landless have not become its members with the result that they cannot derive any benefit even though they might be the people who need such assistance most. Government participation has been suggested as one remedy to enable financially weak societies to cater to the needs of such people. This may be a short-term remedy. These, however, have to derive their strength from their own working in which deposits play a vital role. People have not been attracted to keep deposits with the co-operative institutions for various reasons like delay in refund, their weak economic condition, lack of faith, unlimited liability and reluctance of the co-operative societies to accept deposits from people who would ask for their refund.

* * *

The author has devoted considerable space to the discussion of the organisational set-up of the department and the method of recruitment and training of Agricultural Assistants and other functionaries. This could have perhaps been avoided and more space devoted to the agricultural problems of these villages to examine the extent to which these have been met by the existing agency. According to the author, improved agricultural practices have not been taken up to any appreciable extent by the farmers. The reasons attributed to this are: cultivators are ignorant and poor and the practices recommended are: expensive. But what is more important is that the farmers are not yet convinced that these practices would result in better yield. It is surprising to note that only 15 per cent of the cultivators in the village knew about the demonstration plots.

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The chapter on local development works gives factual information about the terms and conditions for utilisation of these grants and the nature of works that can be taken up under this programme. What is, however, more important is an analysis of different kinds of works taken up, works which have received greater attention than others in the context of national policy and State priorities. The observation that these works have not been properly

supervised and there is no proper verification of the works executed underlines the need for the initiative of these works to remain with the village panchayats.

The various conclusions reached by the author underline the need for a deeper probe into the various defects pointed out in this study. This work can usefully be taken up by the study wing of the Indian Institute of Public Administration.

B. MEHTA

INDIAN RAILWAYS—A Study in Public Utility Administration; By AMBA PRASAD, Bombay, Asia Publishing House, 1960, xv, 435 p., Rs. 22.50.

Dr. Amba Prasad's work is stated to be "substantially the author's Ph.D. thesis entitled *Indian Railways 1921-51—A Study in Public Utility Administration*, presented to the Delhi University in 1952". "It has been brought up-to-date" and the dates mentioned in the original title have been omitted. The scope of the book is indicated by a few extracts from the preface. The book is "mainly an attempt to study the Indian Railway Administration and its history and progress during what may be called the modern age in the history of Indian Railways... This history is presented in the light of the sound principles of public utility administration with a view to studying the record of performances of the various systems of management which prevailed in India during the period, especially State management and Company management and of the administration as a whole... Taking into consideration the lessons of past history of railway administration in India, its present requirements and possible future developments, the kind of reorganisation needed has been suggested. The study is thus a two-fold attempt at analysis of the different phases of organisation and operation as also interpretation."

The author has brought together a large amount of valuable information from the official and non-official sources on the problems dealt with by him. The opening Chapter deals with certain basic considerations, such as the characteristics of railways as public utilities, basic principles of railway administration and management of railways. The next Chapter presents a brief historical survey of Indian Railways which brings down the account to include the latest changes in the regrouping of the railways. The author takes the reader in the following two Chapters to a consideration of the organisation for administration and control prior to 1921 and subsequent to that date. Here also, the important developments since Independence have been dealt with. The next three Chapters are devoted to the machinery and measures on Indian Railways to ascertain the views and reactions of the users regarding the services performed by them. There is next a good summary of the work of the Central Advisory Committee and the local advisory committees as well as the Railway Users' Consultative bodies which, since 1953, have superseded these committees. The considerations brought up by the needs of the travelling public and

the users of goods transportation have been treated in detail.

The author has next turned to the discussion of the machinery for adjudication of rates, in connection with which there is a good summary of the work of the old Railway Rates Advisory Committee and the more recent Railway Rates Tribunal. The topics taken up in the succeeding two Chapters deal with employer-labour relations and the economy and efficiency of working. In Chapter XI, the author discusses the problem of the reorganisation of railway administration and the need for setting up a Public Railway Authority in India. The general conclusions are summed up in Chapter XII. There is a fairly complete bibliography and a good index.

The work has attempted a comprehensive treatment of railway administration as well as operating problems. It is not possible to discuss many of the interesting points raised in several chapters of his book within the limits of a short review.

In the light of his survey of Indian Railway administration in the past, Dr. Amba Prasad reaches the conclusion that the Indian Railways before Independence in 1947 "failed to come up to the high standards required of a public utility service in the matter of consumer interest, labour contentment and efficiency and economy of working." The three main factors responsible for the situation are, according to him, "defective organisation, personnel, excessive political control and resulting conflict". He, however, finds that the Railways have shown since 1947, "particularly outstanding achievements in respect of reform, expansion, reconstruction and reorganisation".

* * *

Dr. Amba Prasad in conclusion has proposed consideration of the

advisability of setting up an autonomous Railway Public Authority for India. This is probably one of the oldest questions discussed at several levels in connection with the management of the Indian Railways. The very setting up of the Railway Board, almost sixty years ago, was an admission of the need to have a rather separate agency for dealing with railway matters other than a Department of the State. The policy followed on the Acworth Railway Committee's recommendations certainly meant a substantial advance in that direction. The idea of the Statutory Railway Authority in the thirties was conceived under entirely different circumstances to hamstring extension of popular control of railway policy and this naturally aroused considerable opposition from Indian public opinion. The implications of an autonomous corporation for the management of Indian Railways are so grave and important that few who have approached this solution have come back with the same enthusiasm with which they have approached it. The experience of public corporations in other countries has not been altogether as encouraging as it once seemed to be and even in Great Britain where it appeared promising, there have been raised serious doubts, particularly in connection with the management of the railways. In this as in other matters, the administrator and the policy-maker are obliged to aim at a balanced gain rather than a blinkered approach to an ideological solution. It is also doubtful whether the Indian Parliament can be persuaded to abandon its surveillance of railway finance and other matters, because of the magnitude of the financial stake involved, the size of the employee force and the importance of defence considerations. There will probably be a greater flexibility in something like the existing arrangement with improvements carried out from time

to time to eliminate miscarriage of public policy or injury to public interest. In view of these considerations, I am unable to share the author's optimism regarding the effectiveness of public corporations.

The publication of a substantial research thesis some years after it was completed fails to retain the freshness of outlook and topicality of treatment, even if a serious attempt has been made to bring the subject-matter up-to-date. I wish Dr. Amba Prasad or the University of Delhi had brought it out earlier. The trouble is the unfolding of new developments, shifting of the emphasis and emergence of new problems invoking temporary rather than lasting solutions and impose rather severe strains in the original design and treatment. Thus, for instance, in trying to highlight the "handsome balances of depreciation reserve funds, the development fund and the revenue reserve fund" shown by the figures of 1948-58, the effect is wholly lost by the opposite picture disclosed in the assessment of 1960. Again there are some statements which appear rather too sweeping as when the author observes that prior to 1947 "the whole history of the railway administration is a tale of complaints and criticism of the consumers, public leaders, legislators, and labour organisations." Another instance is afforded by the reference

to the Freight Structure Enquiry Committee's recommendations in detail and hardly any comment on their implementation. In view of the special attention paid to the Consumer Committees the reader would have welcomed the author's views as to the effectiveness of the Users' Consultative bodies as they have actually functioned. Dr. Amba Prasad might have gone a little more deeply into the administrative changes of the middle fifties, certainly below the crust of the official version of the case, to make sure that the creation of the Additional Members was less a manifestation of the Parkinson Law than a response to rigorously and critically assessed requirements. His acceptance of the present status of the Indian regrouped railways seems to indicate that Dr. Amba Prasad has missed the logic and significance of the great changes towards consolidation now taking place in the United States.

These remarks are offered in the hope that the author might take care of these when the next edition is called for. They do not detract from the positive contribution the book offers to a better understanding and appreciation of some of the most difficult and vital problems which affect Indian railway administration.

L. A. NATESAN

TRENDS IN GOVERNMENT FINANCING; By MORRIS A. COPELAND, Princeton, Princeton University Press, 1961, xxvi, 210p., \$5.00.

This monograph prepared by Prof. Copeland for the National Bureau of Economic Research is primarily concerned with the analysis of long-term trends in the financial requirements of the federal, state and local governments in the United States. Following the Flow of Funds approach, the author has measured the financial requirements

of each unit of government in terms of the excess of current and capital expenditures on goods and services and transfers over the proceeds of taxes, receipts from fees, fines, enterprise profits and transfer receipts like grants-in-aid. This 'non-financial deficit', as he terms it, is finally equated with the increase in net indebtedness of the unit derived by

deducting net increases in: (a) financial assets, and (b) cash balances from the net increases in its financial liabilities. For this, transactions of the social insurance funds and the business-type and credit agencies of the government normally shown outside the budget have been merged with those of the government proper.

The conceptual basis thus formulated, the author proceeds to analyse the factors underlying the growth of net indebtedness of the federal government since 1890 and of the state and local governments since 1910. His analysis brings out that war expenditures and counter-cyclical fiscal operations have been, in order of importance, the two major reasons for the increase in net indebtedness of the federal government over the period. Federal net debt increased from a little below 1 billion dollars in 1890 to 195 billion dollars in 1950. More than 90 per cent of the federal net debt outstanding on December 31, 1954 had been incurred during war emergencies and practically all the rest of it had resulted from the contra-cyclical non-financial deficits during the depression of the 1930's. The relationship between the increase in net indebtedness and physical capital formation has been rather obscure except in the case of the state and local governments. In times past there have been federal debt issues intended to finance particular capital expenditures, like the issue of bonds to finance the purchase and construction of the Panama Canal, but there have been no such issues since the 1930's. No doubt some physical capital formation resulted from the war and depression expenditures of the federal government but this was incidental. It is only in the case of the state and local governments that a closer relation is noticed between physical capital formation and the increase in net debt, although here

too the relation is not so stable as one would expect. The state and local net debt rose from a little over 3 billion dollars in 1913 to about 12 billion dollars in 1939. Bulk of these were for financing capital formation, mainly construction activities, following the technological revolution that created the urban centres—towns and cities. The ratio of the aggregate non-financial deficit for state and local governments to their new construction expenditure, however, is observed to vary widely. "On annual basis in 1929-52 it varies between about 2 : 5 in 1950 and about -6 : 1 in 1944 (the 6 is negative because there was a surplus in 1944). Even on a quinquennial basis this aggregate ratio is highly erratic. The quinquennial ratio of new long-term debt issues to new construction is a good deal more stable. It varies between 45 and 77 per cent for 1915-53." (p.169).

The recurrence of wars and major downswings in private activity will continue to exercise an upward pull on the net indebtedness of the federal government which has come to assume most of the responsibility for external security and maintenance of economic stability. A full-fledged 'pay-as-you-go' system of war financing is hardly feasible and the lags between receipts and expenditures, due to the rapidity with which the latter are incurred during a war, are bound to persist. Similarly, the possibility of matching non-financial deficits incurred during depressions with non-financial surpluses realized during prosperity, and thereby balancing the budget over the period of a business-cycle is remote. With present budgetary procedures an ever-growing federal debt seems more likely if wars or depressions in private activity recur. The resistance against higher levels of taxation and the pressures for increase in the responsibilities of the federal government

diminish the prospects of substantial non-financial surpluses and their use for debt-retirement. In the past hardly any deliberate debt retirement took place even in years of non-financial surpluses and the future prospect of any sizable scaling down of government debt is not expected to be better. Physical capital formation at the state and local levels will tend to increase net indebtedness of the state and local governments, particularly under the encouragement from the tax exemptions on state and municipal bonds, except to the extent the growth in grants-in-aid for physical capital formation transfers the responsibility of financing it to higher levels of government.

* * *

‘Government’ was one of the five capital-using sectors selected by the National Bureau of Economic Research for a detailed study of capital formation and financing, the other four being agriculture, mining and manufacturing, public utilities, and residential real estate. These studies were to cover as long a period as feasible beginning with the earliest year for which the relevant data could be built up. The magnitudes brought out by these sectoral studies were to be linked with those emerging from the analysis of the transactions of financial intermediaries. Finally, on the basis of their findings an all-sector analysis of capital formation and financing over the period was to be attempted within the framework of the country-wise estimates of national product and its components and of sources and uses of funds. Under the plan, it is apparent that the sectoral studies were expected to attempt a detailed analysis of the sources and uses of funds bringing out the trends in the increase in physical assets, financial assets and financial liabilities etc.

With the relevant sector-wise break-up of the data built up, these studies would have provided the basis for studying inter-sectoral relationship in physical capital formation and in its financing and proved fruitful for the all-sector enquiry into the trends and prospects of capital formation and financing, whose parts they were.

Prof. Copeland’s study of the government sector covers a sufficiently long period but makes two distinct departures from the plan envisaged by the National Bureau of Economic Research. First, no attempt has been made to analyse the transactions of the government sector as a whole; only separate study of the operations of the federal, state and local governments has been made. While a study of the transactions of component units is useful for bringing out the factors responsible for the *inter se* changes in the operations of different layers of government, what is of relevance to the economy is the impact of the operations of government as a whole. It would have been useful, and in accordance with the expectation, if the study had analysed the trends in the operations of government as a whole as also of its component units. The second departure is in respect of the central theme. Prof. Copeland has preferred to concentrate on the analysis of the financial requirements of government activity in its entirety rather than in relation to the government’s role in physical capital formation. Two considerations have influenced Prof. Copeland to make this departure. One of them is the paucity and discontinuity of data on physical capital formation in the government sector. It is a fact that there are gaps in the statistics of physical capital formation by the government in the United States; but it was precisely to narrow this gap, if not to fill it up completely, that the project of National Bureau

of Economic Research was planned. Some efforts have already been made in this direction by other research workers, and the monograph for the government sector in the series on capital formation and financing was expected to make further strides. Dr. Goldsmith has built up balance-sheets of the federal government, the state and local governments, and the government enterprises in the United States for selected years during the period 1900-1949. These balance-sheets give break-up of tangible and intangible assets and financial liabilities of each unit. There are, of course, well-known estimates of Prof. Kuznets on gross and net capital formation by public agencies since 1900. Table E-30 of Appendix E to the Economic Report of the President gives a complete series of the government's new construction activity since 1929. An effort in the direction of improving upon these estimates, even if confined to more recent years, say the last decade or two, would have been more enlightening. In any case, an analysis of the trends even on the basis of the available data for selected points of time over the last sixty years or so, with all reservations and qualifications, would have proved more useful.

The second consideration was the disparity between the increase in physical assets and in financial liabilities of the governments. Such a disparity is bound to be noticed in any sectoral analysis and more so in the case of the government sector whose responsibilities cover a wider ground including internal and external security, maintenance of economic stability and building up of economic and social overheads. In fact, it is the analysis of the reasons for disparity between the total finance raised and the finance used for capital formation that brings out the factors governing the trends in capital

formation and its financing. The disparity should not have deterred the analysis to proceed on the lines originally envisaged. If a comprehensive account of the sources and uses of funds by the Governments had been constructed on the basis of budgetary and other data available, it would have provided the necessary material and basis for analysing: (a) trends in governments' physical capital formation, (b) trends in its financing, both internal and external, and (c) trends in the resources made available by the governments to other sectors for physical capital formation. All these would have been highly useful for the wider enquiry. By the use of the concepts of 'non-financial deficit' and 'net debt' in the monograph under review, the third aspect has been completely assumed away, and the role of internal financing of physical capital formation not at all brought out. Even an analysis of the sources and uses of funds by the governments would have brought out the disparity between net borrowings (gross borrowings less repayments) and physical capital formation. The governments' dissavings particularly during periods of wars and depressions and net lendings or financial investments at home or abroad would have provided the explanation for the disparity. Such an analysis would, therefore, have also brought out the role of war expenditures and counter-cyclical policies in increasing government indebtedness but without deviating from the main stream to which attention had to be focussed. The entire material used by Prof. Copeland could in fact have been pressed into service without changing the focus of analysis.

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This is, however, not to minimise the merit of the work which is a valuable contribution to the study of

government finances in the U.S.A., during a period of sixty odd years. There are a few important conclusions which are distinctly useful for this country. First, the growing functions of the state entail rising levels of expenditure and a change in its pattern. Efforts have to be made to bring about parallel increases in current receipts and draw upon domestic savings in an increasing measure. Second, in the early stages in the United States also disorderly financing at the state and local levels were in no less measure responsible for the increase in net

indebtedness. These were, however, overcome by improvements in the system of accounting and employment of more efficient and trained personnel to look after financial administration. Third, a more evolved and clear-cut capital budgeting would improve the efficiency of counter-cyclical budgeting. Lastly, fiscal operations could with advantage be used for reducing regional disparities in public services and capital formation as has been the experience in the U.S.A.

HARBANS LAL

STATE INCOME-TAX ADMINISTRATION; By CLARA PENNIMAN and WALTER W. HELLER, Chicago, Public Administration Service, 1959, xiii, 280p., \$7.50.

The book gives a comprehensive survey of the income-tax administration in the various States of the United States of America which have adopted individual or corporation income-tax as one of their sources of revenue. Out of the fifty States, thirty-three have adopted individual income-tax and thirty-six corporation income-tax. This is a non-official study by two professors of University of Wisconsin and University of Minnesota, based on field survey of income-tax practices in these States and aims at providing a critical appraisal of the part played by administration in restricting the growth of income-tax among the States and indicating the lines on which the organisation, methods and techniques of administration can be improved so as to expand the horizon of state income-tax.

In the field of public administration, tax administration presents certain features which are singular. As compared to other public servants, the tax administrator is at a disadvantage. He is the inheritor of a traditional public antipathy. He offers no direct tangible services

to the public. The law requires him to probe into confidential financial matters of every taxpayer to satisfy himself that the State gets its rightful dues. At the same time, he has to win the co-operation of the tax-paying public without which effective and equitable administration of the tax will be impossible of attainment. All these demand a combination of qualities rarely required in the same degree in other branches of public service. He should possess a sound knowledge of both civil and criminal laws and must develop the cunning of a prosecuting counsel while investigating a case. But his decision should reveal the balance of a judge. He must be an expert accountant with an ability to tear across the veil of book entries to find out the real nature of a transaction. He must be a public relations man with a gift of salesmanship and should develop the subtle art of impressing upon even the worst tax evader his importance to the State as a taxpayer. Above all, he must set himself certain standards of personal conduct unmistakably revealing his integrity and honesty. The success of a good administration

would depend upon the number of men measuring up to these qualities. Almost all governments in advanced countries are increasingly aware of this and a constant endeavour is being made to shape the recruitment and training policies to attract the right type of men and give them the right type of training.

The recruitment and training policies in most of the States reveal according to the authors serious deficiencies. In no State the Chief Tax Official is selected on the basis of a merit system. The appointment is made on party considerations "the degree of party loyalty and participation expected of the appointee varying with the institutional situation, the Governor and the tax official". The authors point out that there have been exceptions to this rule such as in the case of Wisconsin, California and Minnesota. In these States, though the appointment of the Chief Tax Official is made by the Governor, a main consideration in making the selection is technical competence. As regards the appointment of officials to lower grades, only in fifteen States there is statutory or constitutional provision for appointments on the basis of a merit system, though even here patronage appointments are not unknown. Among the States which do not recruit the clerical and auditor classes on the basis of a merit system, Missouri goes to the limit by requiring "endorsement by the county party organisation on the application filed by the prospective employee" and "by publicly declaring party affiliation in its official manual". Of the States which have adopted the merit system, California, Minnesota, New York, Oregon and Wisconsin have demonstrated the effectiveness of an administration free from political patronage in achieving positive results.

* * *

Though the method of recruitment is an important factor in selecting competent men, it is the quality and extent of the training programmes which turn the raw recruit into an efficient tax officer. The value of this book would have been enhanced if the authors had dealt with this problem a little more thoroughly and elaborately than they have done. It would appear from the rather sketchy account given in Chapter IV that there is no formal and effective training programme in most of the States and that training merely consists in apprenticing a junior auditor under a more experienced one and making him acquaint himself with the statutes and departmental rules. A sound training should not end merely in imparting knowledge of law and accountancy. The aim should be, as the Ashton Committee remarked, not only to enable him to perform his current duties more effectively but also to fit him for other duties and where appropriate, develop his capacity for higher work and greater responsibilities. He should receive instruction on a broader basis as well as encouragement to persevere with his own educational development. How far the various States have endeavoured to impart such a comprehensive course of training is not clear from this study.

Loss of staff by trained men leaving the service and entering private employment is a problem troubling many tax administrations, and the States are no exception to this. Recently, in India, the Direct Taxes Administration Enquiry Committee had also commented upon this feature and they had suggested that persons resigning from the tax department should be prevented from seeking private employment. How far it would be practicable for Government to prevent persons who have resigned Government service

from seeking private employment is a matter for consideration. The best solution appears to be to adjust the salary scales and service conditions so as to reduce to the minimum the element of 'transfer earnings'. It would not be possible for administration to pay the high salaries that a competing private industry pays, but it can match the disadvantage by other fringe benefits which will reduce greatly the attractiveness of private industry. In this connection, Wisconsin appears to have given the lead. In Wisconsin, the law provides that the Director of Personnel shall report on State salaries biennially to the Joint Finance Committee of the legislature and this report should make recommendations based upon the data collected as to rates of wages for comparable work in other public services and in industrial and commercial establishments.

* * *

A sound and effective administration depends not only on competent personnel but also on the organisation within the framework of which the administrator has to perform his tasks. An efficient official can be thwarted in his efforts to put forth his best by faulty and complex processes and procedures just as a good organisation will be thoroughly ineffective if incompetent men were to handle the job. The two are thus complementary.

The organisational set-up, the procedures and processes in the income-tax administration should be such as to achieve the twin objectives of maximum revenue and maximum equity. Maximum revenue is achieved by keeping the difference between the cost and the collection at the highest for any given period. Tax departments usually seek to justify the efficiency of administration by reference to the cost and revenue ratio, but as rightly pointed out

by the authors, this is an unreliable index of the efficiency of the administration. The percentage of cost at any given figure can easily be reduced by a mere readjustment of the rates of tax or extension of the base of income chargeable. No dependable and effective comparison can be made unless a systematic and scientific cost analysis in the various processes involved is kept, and in this matter, California has given a good lead. Most of the other States do not maintain cost accounts and hence it will be difficult to judge the standard of performance or the effectiveness of administration.

The objective of maximum equity can be gained only if the honest taxpayer is assured that the tax law is not administered with "an unequal hand or evil eye". He must be convinced that the dishonest are not let off and that he is not at a disadvantage on account of his conscientious reporting. To achieve this, it is necessary to strengthen the organisation to enable it to detect and punish attempts at tax evasion. For this purpose, special investigation units are necessary like the Inquiry Branch in the United Kingdom or the Intelligence Unit of the Internal Revenue Service of the Federal Government of the U.S.A. or the Directorate of Investigation in India. In this regard, the present study shows that much remains to be done in most of the States though California, Minnesota etc., have fully operating Special Investigation Units. Even these special investigation units appear to have directed their efforts more towards imposition of civil penalties than to work up cases for criminal prosecution. This, it is suggested, would not amount to making an effective use of special investigation units. Collection of delinquent tax with penalty would not act as a deterrent to tax evasion as an open prosecution would.

In the matter of conducting investigations where complete data of taxpayer's income are withheld or are not available, construction of net worth statements are of great help. The authors remark that the net worth statement is ineffective in that it automatically allows all the taxpayer's losses are not borne out by experience. In the construction of the net worth statement, it is not only the increase of the capital as between the two points of time that is taken into account but all unrecorded expenses and losses are also

added.

The book ends with certain recommendations to help the States to improve their organisation and the quality of personnel so as to face the challenge of the coming decades.

The book is bound to be of much interest to students of public administration and possibly may inspire those States which have not so far adopted income-tax, not to hesitate any longer.

V. GAURISHANKER

INDIAN ECONOMIC POLICY AND DEVELOPMENT; By P.T. BAUER, London, George Allen & Unwin, 1961, 152p., 16/-.

This book, as the author explains in his preface, is a revised and enlarged version of a study published under the title, "United States Aid and Indian Economic Development", by the American Enterprise Association. The author advocates that the aid to India should be cut down substantially and that even this smaller quantum of aid should be provided only on condition that the basic approach to economic development that the Government of India has adopted and that is represented by Indian Five Year Plans is given up in favour of a basically different approach. The author believes that an aiding country can never be 'neutral' anyway and thus there is nothing wrong with tying the amount of aid to the satisfaction of particular conditions. He advocates "a policy under which Western aid would be varied in accordance with the overall economic policy pursued by the Indian Government over the previous period. The amount of aid could then be made to depend upon . . . specifically . . . the performance of the Government in attending to that wide range of essential government functions which are required

for economic advance and wider social progress, while *refraining from those actions and types of conduct which prejudice (the) major objectives*"* of raising the standard of living and promoting a society resistant to totalitarian influences. The "wide" range of essential Government functions" includes: "promotion of a suitable institutional framework for the activities of individuals; maintenance of law and order; effective management of the monetary and fiscal system designed to prevent both serious fluctuations in the value of money and crises in external payments; provision of basic health and education services; establishment of basic communications; and often also provision of agricultural extension work." Negatively, promoting a society resistant to totalitarian appeal implies that "the government refrains from substantial government participation in industry and trade, the formation of statutory monopolies, a policy of large-scale compulsory saving, and restrictive control of private enterprise." Present Indian Planning "fails" on both these counts and therefore the author advocates an aid policy which

*Italics by the reviewer.

will bring the Indian Government, its leaders, planners and intellectuals, to order by linking aid to a fundamental change of approach. This book has been written with a view to influence Western, and especially, American public opinion in support of this view and against the policy broadly advocated by persons like Senator (now President) Kennedy and Senator Cooper and increasingly finding acceptance in the U.S.A.

* * *

It is necessary to lay stress on this obvious purpose of the book because, without this background, it is difficult to understand why and how an academic personality of the standing of Prof. Bauer, now holding the London University Chair in Economics (with special reference to Economic Development and Under-Developed Countries), can stoop to write a book of this type. Prof. Bauer's views on political and economic problems are well-known from his earlier writings. Therefore, in a book which attempts to examine Indian economy policy and development, one would rightly expect from him a critical analysis of Indian Five Year Plans. Evaluation and criticism of economic policy and planning is the appropriate function of academic appraisals and no one need feel unhappy if such appraisal leads to conclusions adverse to the policies and plans adopted by a particular country. But in this case, while the book contains some valid and useful criticism, it is put in such a one-sided manner that it has become less an academic work than a propagandist one.

Prof. Bauer objects to almost every important item of the economic programme of the Government of India. He is opposed to land reforms, to Government assistance to rural co-operatives and to small-scale

and cottage industries, to the labour policy of Government, and of course to all policies relating to control over the private sector, industrialisation, development of the public sector etc. As mentioned above, there need be no quarrel over this approach as such. Economic growth up to now has taken place in two alternative ways. One is the road traversed by countries like the U.K., U.S.A. and Japan, where economic development mainly took place through private enterprise with some support and aid, especially in Japan, from the State. The other is the road traversed by the U.S.S.R. where economic development took place under a centralised economic plan, combined with a communist political system. Prof. Bauer thinks that the former road alone is capable of leading to economic growth as well as a democratic system. Many of us in India think that it is not impossible to make some use of the approach and techniques of planned economic development that have been used in the U.S.S.R. and that we can do it with appropriate changes suited to our conditions and also to our objective of maintaining and strengthening democracy. There can be differences of opinion about this. An intellectual argument can certainly be developed against our approach. But unfortunately Prof. Bauer does not even try to put our side of the argument in a fair way. A few examples will make this clear:

One of his main objections to the basic approach of the Second Five Year Plan is that it gives undue emphasis to the development of heavy industry. One of his arguments against heavy industry is that emphasis on this leads to a neglect of agriculture. This is supported by pointing at the increased share in investment of heavy industry as against agriculture. Prof. Bauer himself has correctly pointed out

how it is fallacious to think that investment is the only important factor in the process of development. This is especially true, obviously, of agricultural development. The Community Development Programme with its extension services and facilities for rural development is essentially directed towards bringing about the change in attitudes and adoption of advanced techniques which Prof. Bauer emphasises as very important. It is true that it has not yet been very successful. But Prof. Bauer has not been able to show how its failure could be prevented or its success ensured by reducing investment on heavy industry and increasing investment in agriculture. The failure in agriculture that we have had to face up to now is essentially a failure in organisation. To some extent it is also a failure arising out of scarcities of essential materials like improved implements and fertilisers. These scarcities can be reduced only through the programme of developing heavy industry. But Prof. Bauer considers this to be entirely speculative. This brings us to another argument of Prof. Bauer's against the whole approach to planned development of heavy industry. The demand for the products of these industries is, according to him, highly problematical; and therefore investment in them is likely to prove fruitless and wasteful. This argument contains two fallacies, one factual, one analytical. Firstly, industries like steel, heavy electricals, mining machinery and other heavy engineering goods, basic chemicals etc. will be, to a certain extent, merely import substituting; we are already importing some of these products on a significant scale and therefore there is no question of uncertain demand at least to the extent of these imports. Secondly, the whole approach of planned economic development is to create various industries according to a preconceived

schedule, observing the relationship between various industries,—what is called the technique of 'balances'—so that the output of a unit which is completed will be immediately demanded for other industries or sectors which would be developing by that time. It is true that this may go wrong—but then even the decisions of a private entrepreneur may go wrong. Any entrepreneur who is pioneering in a new field, which is the essential entrepreneurial task, creates capacity in anticipation of demand. A planned economy, instead of relying on individual entrepreneurs to do this, tries to do it for the whole economy in a co-ordinated way and the idea is that it can look ahead better than an individual entrepreneur and, as it is likely to be better informed than any individual entrepreneur, the uncertainty and risks involved would be less. It is true that a number of possible difficulties can be pointed out about this line of reasoning. But the surprising thing is that Prof. Bauer does not even state this side of the picture—he writes as if the planners are merely speaking in engineering terms, have no idea of examining the costs and benefits of various investments and are only intent on blindly following the Soviet pattern of investment.

Or take his criticism about the fact that the Draft Outline of the Third Plan proposes that no imports of food grains should be made in the period of that Plan. "The danger of a food crisis in India will remain a recurrent threat while agricultural productivity is so low", he points out; but he fails to mention that the planners envisage increase in food production to 75 million tons by the beginning of the Third Plan and to 100-105 million tons by its end. One could possibly criticise the planners for being over-optimistic, though an expert Agricultural Production Team sponsored by the

Ford Foundation obviously did not think this target unattainable, as evidenced by their Report¹ to which Prof. Bauer refers. But he is obviously not interested in taking note of the planners' approach and then, where necessary, criticising them. He wants to create a prejudice against them by pointing out that "it is *not impossible** that they (Indian planners) might be prepared to run the risk of starvation in the country rather than moderate the cherished Plans. But if there were to be large-scale starvation it would not be the first occasion that it accompanied a five-year plan with massive emphasis on heavy industry!" The object is, obviously, to create the impression that Indian Plans are nothing but a copy of Soviet Plans and the Indian planners are as indifferent and callous about the sufferings of the people as Stalinist planners were supposed to be!

It is obvious that Prof. Bauer does not believe in the idea of Democratic Socialism. He thinks that a society where crucial decisions like distribution of resources between consumption and investment are attempted to be taken centrally and statutory monopolies are built up is a society that is not likely to be resistant to totalitarianism. Has he forgotten that at least for the first few years after the Second War, governments of various West European countries, including his own country and France, aimed towards such policies? Were these countries going totalitarian as a result? And would he have then advocated a cessation of the massive aid programmes sponsored by the U.S.A. for the benefit of these countries unless they changed their policies?

H. K. PARANJPE

1. *India's Food Crisis and Steps To Meet it*, Government of India, Delhi, 1959.

* Italics by the reviewer.

BOOK NOTES

PRODUCTIVITY—Special Issue on Personnel Management, New Delhi, National Productivity Council, August-September 1961, pp.491-660, Annual: Rs. 9.00.

PERSONNEL MANAGEMENT IN INDIA; By INDIAN INSTITUTE OF PERSONNEL MANAGEMENT, New Delhi, Asia Publishing House, 1961, xii, 361p., Rs. 10.50.

The Special Issue on 'Personnel Management' of 'Productivity', a two-monthly journal of the National Productivity Council, contains articles both on the theory and practice of personnel management. It reproduces the manual of 'Personnel Administration and Productivity' prepared for the International Co-operation Administration of the United States by the Council for International Progress in Management (CIPM), New York. There are sixteen case studies, of which twelve relate to the Indian scene. In a short but brilliant essay, Mari Sur points out that the training of the personnel officer in the basic theory of personnel management is not enough; it might give a wrong idea that he knows all the answers, and also that human sympathy is not a quality necessarily evoked by an academic discipline. Shri P.L. Tandon in "The Indian Executive of Tomorrow" observes that "If there is a possible danger today, it may one day be of over-training, certainly not of under-training." Another short interesting article is on "Soviet Personnel Management" by Edward McCrensky. The Special Issue abounds in "expert opinions"; but is somewhat deficient in the matter of Indian experience and in its

treatment in a realistic, comprehensive and unified perspective.

The second publication, compiled by the Indian Institute of Personnel Management, is primarily in the nature of a textbook to set out the principles of Personnel Management against the present Indian background in which "students will have to work once they take up posts as personnel officers." It is divided in four Parts. Part I presents 'the social background of the worker who migrates from the country to the town, and the adjustments he must perforce make in order to settle into his new industrial environment.' In Part II are considered the functions of personnel management, its development in India and the duties and status of the personnel officer. Parts III and IV are devoted respectively to 'Industrial Relations' and 'Personnel Administration'. The book, though not meant for advanced study, is the first of its kind published in India, which gives a realistic, somewhat graphic and up-to-date, picture of the different aspects of personnel management in the private sector of the country. It would be found useful both by students and practitioners of personnel management.

PROGRAMMING TECHNIQUES FOR ECONOMIC DEVELOPMENT with Special Reference to Asia and the Far East; Report By A GROUP OF EXPERTS, Bangkok, United Nations Economic Commission for Asia and the Far East, (E/CN.11/535), 1960, ix, 130p., \$1.00.

This report, by a group of five experts, appointed by the Working Party on Economic Development and Planning of the ECAFE, outlines the

most efficient and practical approach to economic development programming techniques, with special reference to growth models as a tool of development programming in countries of the ECAFE region. There are chapters on planning the general rate of development; planning the development of the main sectors; integration of a programme of projects into an investment plan; planning the development of a large number of sectors; planning the development of different regions; planning the short-term adjustments to external disturbances; and planning manpower, education and income distribution.

SOCIAL AND CULTURAL FACTORS AFFECTING PRODUCTIVITY OF INDUSTRIAL WORKERS IN INDIA, Delhi, Unesco Research Centre on Social and Economic Development in Southern Asia, 1961, 127p., Appx. p. 51, Rs. 12.00.

The study covers three cultural, or rather sub-cultural, groups: the Bengalees, the Maharashtrians and the Uttarpradeshis. The value of the study lies not so much in the results so far obtained as in its pioneering character and in the useful spade-work it has done which future investigators in this line may find very helpful. Some of the findings are: (1) The Uttarpradeshi workers are better adjusted to factory life than their Bengalee and Maharashtrian fellow-workers. (2) In all groups, more of those who are better adjusted to factory life are found among the high producing workers. (3) Positive attitude towards the management tends to go with high productivity in all cases. (4) The high producing workers, except the Uttarpradeshi illiterate workers in Bombay, have a more positive attitude towards machine. (5) Influence of family tends to show negative

relationship with productivity for all the groups. (6) A positive attitude toward factory work has slight effect on productivity of the Uttarpradeshi workers in Calcutta only, but practically no effect on the rest. More of high producing Bengalee workers have a positive attitude toward production. In case of the other groups of workers negative relationship is found between this attitude and productivity. (7) General outlook favourable to modern industrial age shows some slight positive relationship with productivity in case of all excepting the Maharashtrians. On the whole, economic considerations notwithstanding, cultural influences tend to express themselves in some characteristic differences in behaviour patterns other than differences in productivity.

WORK IMPROVEMENT—O & M JOURNAL, New Delhi, Organisation and Methods Division, Cabinet Secretariat, Sept.-Oct. 1961, Vol. V., No. 1, 44p., Annual: Rs. 9.00.

This new periodical has been brought out by the Central O & M Division "to spread", as the Prime Minister points out in his welcome-message, "the idea of work study and thus to help in improving our administrative work". It meets a long-felt need. The first issue contains, among others, useful articles on the application of the "line of balance technique" in planning and programming of the scheme of large-scale acquisition and development of land in Delhi; inventory control in non-industrial Government establishments; and work distribution chart—its use in administrative analysis. The Journal is purported to concentrate on *applied* aspects of work improvement. The Editor himself points that it is "intended to be a *scrap book*"* for exchanging

* Italics ours.

information among all concerned, for mutual advantage, on the devices and strategies employed for improvement of work. It is, however, to be hoped that this new and useful venture will not entirely exclude articles with a theoretical content also.

ADMINISTRATIVE COMMUNICATION; By LEE O. THAYER, Illinois, Richard D. Irwin, Inc., 1961, xiv, 344p.

The author defines administrative communication as "any nonmass-media communication intended to perpetrate, directly or indirectly, the goals of an organized group." He follows Ordway Tead's distinction between administration and management—administration provides the aims and means of accomplishing the aims, and that management provides the direction and guidance of operations in achieving those aims. The primary functions of the administrator are those of programming his organization (be it a whole organization or a component) and of controlling the relationship between inputs and outputs. Most administrative communication is conceived and designed to serve one or more of four broad functions: informing someone; instructing or directing someone; evaluating someone or something; and influencing another's thought or behaviour. Each of these problems is discussed in detail, as also the three basic qualities by which to measure a communication: its effectiveness (whether or not its purpose is achieved); its efficiency (its total cost relative to its effectiveness); and its clearness (the degree to which it is free of unintended ambiguity). In addition, there is an interesting chapter on "Current Problems and Research in Administrative Communication". The Appendices contain short notes on 'how to write', 'administrative

reporting', and 'writing the memorandum'. As the author points out the book presents "a functional approach to the nature and dynamics of communication. It is intended to provide for the reader usable new insights into the communication process." The emphasis is more on the practical side than on theorising about communication.

INDIAN MANAGEMENT, New Delhi, All India Management Association, September-October 1961 (Volume One Number One), 52p., Annual Subscription Rs. 15.00.

The All India Management Association deserves to be congratulated on bringing out this national professional journal with the object of developing 'management as a body of knowledge suited to the Indian industrial milieu'. The Editor promises the readers in future issues "practical reports on how the public and private sector undertakings are handling their problems. Each issue will carry more of concrete illustrations of managerial problems rather than statements of general principles which steadily threaten to get us snowed under."

Most of the articles contained in the first issue, however, deal with principles rather than with practice of management. The leading article is by Morarji Desai on "Responsibilities of Indian Business"; it is followed by "A Plea for Purposive Management" by Charat Ram; "Chief Executive : some problems at the top" by Kamla Chowdry; "Towards a Personnel Policy" by K.S. Basu; "Management Consultants : their uses and abuses" by S. Kumar Jain; and "A Perspective for Enterprise Management in India" by A.N. Aggarwala.

Empirical material on Indian management is very scarce and we hope the journal will live up to the promise made to the readers.

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